

## Japan Airlines Corporation

4-11, Higashi-shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan

### Notice of the Fourth Annual General Meeting of Shareholders

Dear Shareholder:

This is to inform you that the fourth annual general meeting of shareholders of Japan Airlines Corporation (the Company) will be held in accordance with the schedule indicated below. You are cordially invited to attend.

If you are unable to attend the meeting, you may exercise your voting rights by a written document or via the Internet. In that event, please refer to the Reference Document for Exercising Voting Rights that appears later in this document, and either return the enclosed form for exercising voting rights after indicating your approval or disapproval, and appending your signature and affixing your registered seal, or exercise your voting rights via the Internet by following the guidelines at the end of this document.

1. Date and Time: June 28, 2006 (Wednesday), 10:00 AM
2. Place: Tsurunoma Room, main banquet hall floor (Main Bldg. 1F), Hotel New Otani, 4-1 Kioi-cho, Chiyoda-ku, Tokyo  
\* In the event that all seats at this meeting are occupied, you will be directed to an alternative venue. We appreciate your understanding.
3. Objectives of the Meeting
  - Reports
    - Item 1: Reporting on the business report, consolidated balance sheet, consolidated statement of operations, and reports on the consolidated financial statements by the independent auditors and the board of corporate auditors for the fourth term (from April 1, 2005, to March 31, 2006)
    - Item 2: Reporting on the balance sheet and statement of operations for the fourth term (from April 1, 2005, to March 31, 2006)
  - Proposed Resolutions
    - Item 1: Approval of proposed for disposing of deficit for the fourth business period
    - Item 2: Amendments to the Articles of Incorporation. A summary of the proposed resolutions is described in the "Reference Document for Exercising Voting Rights" below (page 34 to page 45).
    - Item 3: Election of 18 directors
    - Item 4: Election of corporate 2 auditors

Sincerely yours,

Toshiyuki Shinmachi  
Group Chief Executive Officer

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#### Notes

Please note that the English translation of this Notice of the Fourth Annual General Meeting of Shareholders and all of the attached documents is provided for reference only; Business Report, Balance Sheet (Consolidated and Non-Consolidated), Statement of Operation (Consolidated and Non-Consolidated), Proposal for disposing of deficit for the fourth business period, copy of Report of Independent Auditors (Consolidated and Non-Consolidated), copy of Report of the Board of Corporate Auditors (Consolidated and Non-Consolidated), and Reference Document for Exercising Voting Rights. The official documents are written in Japanese, and in the event of a discrepancy, the Japanese documents shall prevail.

The company announced its financial results for the fiscal year ended March 31, 2006 (FY2005) on May 10, 2006. Please refer to the company's URL: <http://www.jal.com/en/>

## 1. Business Overview

### ( 1 ) Business Performance of the JAL Group

During the reporting period, the Japanese economy maintained its modest recovery trend. Against the backdrop of an improvement in corporate earnings, private-sector capital investment increased and production and exports returned to the growth track. Consumer spending also improved in tandem with income growth. However, in the civil aviation industry, the operating environment remained very difficult due to factors such as security issues stemming from intensified instability, principally in the Middle East, and sharp rises in fuel prices.

For the JAL Group, international passenger demand trended towards recovery overall. However, sluggish demand for flights to China and Southeast Asia and a revision of routes resulted in a year-on-year decline in demand. In addition, we suffered from a decline in domestic passenger demand, individual (non-group) passengers in particular, owing to the effects of a series of safety issues. Domestic demand was down, specifically with respect to non-group passengers. Furthermore, aviation fuel prices remained at record high levels, placing the Group in very severe business environment.

Amid these circumstances, we made efforts to reform the cost structure of our international passenger business, and to reduce personnel costs. At the same time, we raised fares and fuel surcharges (a special charge for fuel that is added on to the fare) with the aim of improving the balance of revenues and expenditures. Furthermore, we established the JAL Group Corporate Reform Policy in November 2005 to enhance our business foundation. We worked to rebuild our safe operating system, and to improve service competitiveness to become the airline of customers' choice. In addition, we decided to join **oneworld**, one of the three major global airline alliances, to expand our network even further.

We have taken safe operation initiatives to improve safety awareness throughout the JAL Group in order to restore the trust of customers and the public at large. The CEO of the JAL Group and other top management officers held a total of 455 safety meetings at working sites both in Japan and abroad, and enhanced communication between management and frontline staff. We also enhanced our safe operation system by assigning designated staff to promptly and accurately manage safety information.

In addition, we asked the Safety Advisory Group, an external committee consisting of outside experts, to investigate and analyze the JAL Group from various angles, and this group gave us their recommendations in December.

Furthermore, to improve our services and acquire new customers, we issued new credit cards jointly with companies such as Tokyu Corporation, Iyo Railway Company and Lawson, in addition to the card we had previously issued with East Japan Railway Company (JR East). We also began providing new services that combine air travel and the Internet through an alliance with Yahoo! JAPAN and Pia.

During the period under review, the total volume of passengers and cargo carried by the JAL Group (on international and domestic routes combined) fell by 2.3% year-on-year to 13,893.29 million ton-kilometers.

On a consolidated basis (152 consolidated subsidiaries; 20 affiliates accounted for by the equity method) the Group posted operating revenues of ¥2,199.3 billion, up 3.3% from the previous fiscal year. Operating expenses increased by 7.4% from the previous fiscal year, to ¥2,226.2 billion, due to the sharp rises in fuel prices and other causes. As a result, operating loss totaled ¥26.8 billion, ordinary loss totaled ¥41.6 billion, and we reported a net loss of ¥47.2 billion for the reporting period.

### (2) Performance of JAL Group by Business Segment International Passenger Operations

The JAL Group increased flights on routes such as Tokyo to Qingdao, Osaka to Seoul, and Osaka to Hanoi based on expected growth in demand for flights to China and other East Asia regions. For China routes in particular, we expanded code-sharing operations with other companies, and now have the largest number of routes and flights between China and Japan.

To meet expanding business demand, we increased flights on the Tokyo to Chicago and Tokyo to Moscow routes. On the other hand, we suspended our regular flights on routes for which we had difficulty maintaining stable profit in the medium term, such as routes from Tokyo and Osaka to Saipan, and routes from Fukuoka to Honolulu, Hong Kong, and Seoul. For a part of these routes, we employed code-sharing operations and operated charter flights. We also expanded operations carried out by JALways to reduce operation costs.

We began new code-sharing operations with Mexicana Airlines, Malev Hungarian Airlines and Finnair, and expanded our existing code-sharing operations.

In terms of product strategy, we began an e-ticket alliance with British Airways in addition to the one we have with American Airlines and installed automatic check-in machines for international routes to make our service more convenient for customers and enhance the JAL Group's competitiveness.

Regarding in-flight meals, we introduced a freshly-cooked rice service for First and Executive Class customers on seven routes, including the London and New York routes. We began another service in which customers can choose the time they have their second meal, for Executive Class customers on the London, Paris, and Frankfurt routes. We also began other services on some China routes, such as "tawara" rice and miso soup, and these in-flight services are popular with our customers.

We have been working to expand the demand for tourism through the "FLY JAL! 10,000 Mile Present Campaign" we began in April 2005 targeting customers participating in tours that use JAL Group flights. In December, we also implemented the "Hot Winter Campaign" for both domestic and international routes. We have also been aggressively operating charter flights to destinations that do not have regular flights, such as Alaska, Palau, and flights from regional airports to Honolulu.

To aggressively meet business demand, we began the "JAL Corporate Flight Advantage Program" in April 2005, for small to medium-sized businesses. In addition, in January 2006, we began the "JAL Overseas Assignee Plan," which provides various benefits to Japanese business people working overseas.

We implemented the above policies, but because of decreases in supply due to streamlining route operations and other factors, the JAL Group's total number of international passengers fell by 3.8% from the previous fiscal year to 14.18 million. Nevertheless, operating revenue was up by 2.8% from the previous fiscal year, at ¥690.2 billion, thanks to our fare revisions and other measures.

### **Domestic Passenger Operations**

In order to minimize the effect of the revision in slot assignments on arrivals and departures at Haneda and Itami international airports, we made fine-tuned adjustments to the number of flights and aircraft used, based on seasonal fluctuations in demand. We have also worked to improve the balance of revenue and expenditure to deal with steep rises in fuel prices by gradually transferring the operation of 4 MD81 aircraft from Japan Airlines Domestic to JAL Express, a low-cost operation JAL Group airline, thus helping reduce costs.

We began operation of 10 flights on 6 routes from Kobe Airport, which opened in February 2006, to destinations such as Haneda, Sapporo, and Naha. When the New Kitakyushu Airport opened in March 2006, we aggressively expanded flights to Haneda and established new routes to Nagoya (Komaki) and Naha, to increase the number of passengers.

Class J, which has been popular with our customers since its introduction in June 2004, continued to have a high occupancy rate during the reporting period. For this reason, we decided to increase the number of Class J seats on large and medium-sized aircraft, and gradually introduce Class J on small-sized aircrafts, such as Boeing 737 and MD-90.

We expanded the number of airports that can use the "JAL IC Check-In Service" that we began in February 2005 to 44 in Japan, and began a service that allows customers to purchase airline tickets and tour products online, using "JAL IC Coupons." In addition, we have improved convenience for our customers by introducing the JAL My Flight Application, which makes it simpler and more convenient to use cell phones to do everything from making reservations to check-in. We also further upgraded our cutting edge JAL IC service.

We are working to set fares to be competitive so that customers want to use JAL Group airlines. To raise demand, we have expanded the dates set for bargain fares, and have continued the “Birthday Discount Fare” and “Otomo de male Discount Fare” that have been popular with our customers.

In addition to our existing campaigns for Okinawa, Hokkaido, Kyushu, Shikoku, and other destinations, we are promoting family travel and group travel during the summer vacation season and the end of the year, peak seasons for family travel. Our new promotional campaigns feature popular children’s characters such as Mushi King and Tamagotchi.

Though we implemented the above initiatives, because a series of safety problems heavily impacted demand, especially from individual passengers, the JAL Group’s total number of domestic passengers fell by 1.9% from the previous fiscal year, to 43.84 million, and revenue was down by 2.2% from the previous fiscal year, to ¥659.9 billion.

## **Cargo Operations**

International cargo shipments were steady overall, affected positively by the expansion of the world economy, but the transportation volume was down somewhat from the previous fiscal year, because business was particularly brisk last year.

Cargo transportation was generally weak in the first half, but picked up beginning in early autumn, due to increased shipments of flat-screen TVs and semiconductor-related items, as well as increased shipments of Japanese automakers’ parts for new model launches. Although imports of fresh products were sluggish, automotive-related imports were steady. We increased the number of flights on the Pacific and Hong Kong routes for the busy second half. In addition, we have expanded supply by operating extra flights to meet demand throughout the year, and beginning code-sharing for cargo flights with Singapore Airlines Cargo and Lufthansa Cargo to and from Chubu International Airport. Further, through the introduction of the Boeing 747-400 dedicated cargo aircraft, we were able to introduce direct flights to Europe that do not go through Anchorage from November. This has improved service by shortening flight time and reduced fuel and other costs.

At the cargo areas of Narita and Haneda airports, we became the first in the air cargo industry to introduce the Toyota Production System. We have been actively engaged in safety, quality, and productivity improvements, through Project M3, a system of improvement activities to eliminate excess, waste, and irregularities.

As a result, the JAL Group’s total cargo transportation volume fell 3.0% from the previous fiscal year, to 4,541.29 million ton-kilometers, but through fuel surcharges and other means, we pushed revenue up by 5.4% over the previous fiscal year, to ¥180.5 billion.

Although domestic cargo operations slowly moved towards recovery starting in the early autumn, the transportation volume was down from the previous year due to the use of smaller aircraft and other factors.

We have actively worked to handle demand in the Kansai, Kyushu, and Chugoku regions with the opening of the Kobe Airport in February 2006 and the New Kitakyushu Airport in March.

We began a new transportation service on a commercial basis that uses a photo catalyst to retain a higher level of freshness for the products we transport. In August 2005, we invested in the new cargo airline Galaxy Airlines to enter for domestic late-night cargo market, where high growth is expected.

Because of the above, the JAL Group’s total cargo transportation volume on domestic routes fell 1.6% from the previous fiscal year, to 388.44 million ton-kilometers, and revenue fell by 3.6% over the previous fiscal year, to ¥29.4 billion.

## **Other Operations**

Airline-related businesses had strong performance, from steady business for in-flight meals and expansion of the scale of electric power supply we provide at Haneda Airport Passenger Terminal 2 and Chubu International Airport.

In the travel services, the number of overseas travelers decreased in the international passenger business due to route revision in our operations, but the number of travelers increased domestically, mainly to Okinawa.

In the card and lease business, revenues increased in the card business because of an increase in the number of JAL Card members.

In other commercial fields, sales of aircraft parts outside the JAL Group, real estate, and food related products increased significantly.

As a result, revenue from peripheral operations (after consolidation adjustments) rose by 7.5% from the previous fiscal year, to ¥683.7 billion.

### **(3) Issues to Be Addressed by the JAL Group**

#### **Regaining Trust of Customers and General Public**

Due to a series of safety problems, the JAL Group was subject to a Business Improvement Order issued by the Minister of Land, Infrastructure, and Transportation in March 2005. Since then, the JAL Group has been working to implement measures for improvement. However, problems have occurred while we have been rebuilding our safe operation system, and we have not yet been able to regain the trust of shareholders and general public.

We believe that this is because management's efforts were insufficient to firmly establish safety as the top-priority issue among all employees of the Group, and because of lack of sufficient communication between top management and frontline staff and among departments. Based on reflection of the situation by each JAL Group members, all of us are working to improve safety standards by focusing on safety issues and attempting to judge things from the customer's viewpoint.

The Safety Advisory Group, an external committee of experts, presented a report in December titled "Recommendations for Revitalization as a Company with High Safety Standards." Based on these recommendations, we have increased cooperation with the JAL Group companies' safety organizations, and have established a Safety Promotion Department to administer safety improvements. We also established a Safety Promotion Center to foster our corporate culture for continued learning from past lessons. In addition, we are working on enhancing our safety education and training and improving our countermeasures against human errors.

The Safety Advisory Group will continue to advise us in FY2006.

#### **Focusing on Customer Satisfaction**

We will further develop our system for using feedback from customers to make improvements, and thoroughly enhance our products and service quality from the viewpoint of the customer, so that the JAL Group will continue to be selected by customers.

In April 2006, we entrusted all JAL Sales's airline ticket sales work to the operating company Japan Airlines International, and developed a structure for quickly reflecting feedback from customers in our business operations. We aim to provide valuable services, through full understanding our customers' true needs. For example, we will further enhance communication channels between frontline sales organizations and the Planning Department to plan products. We are working on raising awareness, on making employees aware that all work is connected to the customer, so that each employee will act based on the idea "If my family members or myself were a passenger . . ."

We are working to enhance service quality and improve fuel efficiency by retiring older aircraft. Based on this policy, we will introduce new Boeing 737-800 aircraft in FY2006 and new Boeing 787 aircraft in FY2008. Further, we are working to improve convenience for our customers by expanding our network of international routes through membership in **oneworld**.

#### **Building a Robust Corporate Structure**

The JAL Group has positioned FY2006 as the "Year of Revitalization" during which the Company will be reborn as a company whose top priorities are safety and the viewpoint of the customer. We will completing the integration process of Japan Airlines International and Japan Airlines Domestic by October 2006, and will streamline our business and foster unity in the JAL Group. We will continue to deepen the structural reforms that we have implemented up to now.

The JAL Group has positioned the three years between FY2006 and FY2008 as the phase for rebuilding our business foundation. Along with improving profitability by revising routes for the international passenger business and using smaller aircraft, we will continue making reforms to our cost structure, such as using IT to simplify work processes.

In addition, we will actively introduce new aircraft to handle the new business opportunities resulting from the internationalization and re-expansion of Haneda Airport in FY2009 and the expansion of the arrival and departure slots at Narita Airport, and use these opportunities to continue

growth.

Through these activities, we will work towards achieving our targets of returning to the black ink in net income on a consolidated basis for FY2006, completing the rebuilding of our business foundation by the end of FY2008, and achieving an operating profit margin of 5% or higher on a consolidated basis for FY2010.

In order to proactively fulfill our corporate social responsibility (CSR), the JAL Group established a CSR Committee with the JAL Group CEO as the chair, and promoting CSR activities across the JAL Group.

The JAL Group will regain the trust of all its stakeholders by continuing safe operations on a daily basis. We will enable customers to feel secure and to enjoy our services. We aim to respond to the expectations of our stockholders by improving profitability and asset efficiency, ensuring financial soundness, and building a robust corporate structure.

We offer our sincere gratitude for your continued understanding and support.

#### **(4) Internal Control System of the JAL Group**

The JAL Group will not only ensure safe operations, which are the foundation of our business, and fulfill the responsibility of generating a reasonable profit by providing excellent services through fair competition, but will also aim to be a corporate group that contributes to and fulfills its obligations as a member of society.

Based on this, we will comply with stipulations in the Corporation Law to establish our Basic Policy for an Internal Control System, ensure the effectiveness and efficiency of our work process as well as the reliability of our financial statements, and firmly maintain a structure that complies with relevant laws and regulations.

In addition, we will achieve our business targets and enhance our enterprise value by minimizing risks through precisely identifying factors that potentially could have a material effect on our business performance.

#### **(5) Capital Investments and Fund Procurement**

##### **a. Capital Investments**

The aggregate amount of capital investment by the JAL Group during the term was ¥145.4 billion, up by 23.7% year-on-year. This comprised ¥107.5 billion of investments in aircraft, up by 68.9%; ¥19.3 billion in ground equipment, down by %; and ¥18.5 billion in intangible fixed assets, down by 12.8%.

A total of 11 new aircraft were introduced during the term, of which 2 were purchased and 9 were leased. In addition, 12 aircraft were purchased upon the expiry of their leases, and 17 were decommissioned.

Among the aircraft currently on order, eighty were included in the capital investment made during the term.

##### **b. Fund Procurement**

To procure the funds required for the capital investment described above, the Company raised a total of ¥57.2 billion in the form of long-term borrowings.

## (6) Business Results and Assets

### a. JAL Group's Business Results and Assets

Item	1st term (FY2002)	2nd term (FY2003)	3rd term (FY2004)	4th term (FY2005)
Operating revenue (¥ Million)	2,083,480	1,931,742	2,129,876	2,199,385
Ordinary income (¥ Million)	15,840	(71,938)	69,805	(41,608)
Net income (¥ Million)	11,645	(88,619)	30,096	(47,243)
Net income per share (¥)	5.92	(45.19)	15.24	(23.88)
Total assets (¥ Million)	2,172,284	2,133,418	2,162,654	2,161,240
Net assets (¥ Million)	254,256	159,273	194,746	148,066
Net assets per share (¥)	129.66	81.16	98.34	74.78

Notes:

1. Parentheses indicate losses.
2. The Company was established as a holding company on October 2, 2002, through the business integration of Japan Air lines and Japan Air system.
3. Net income per share is calculated based on the average number of issued shares for the entire term, and the net assets per share is calculated based on the number of issued shares at the end of the term. In each case, the number of shares of treasury stock is deducted from the number of issued shares.

For the first term, the JAL Group posted net income of ¥11.6 billion. The factors behind this were that the aftereffects of the September 11 terrorist attacks in the U.S. lingered amid mounting uncertainty about the prospects for the world economy, causing passenger demand on international routes to slacken, but demand in the cargo and domestic passenger sectors were robust.

In the second term, the fiscal year to March 2004, in spite of cost reductions achieved through the business integration there was a substantial decline in passenger demand on international routes owing to developments such as the Iraq conflict and the SARS outbreaks. As a result, the Group incurred a net loss of ¥88.6 billion.

In the third term the fiscal year to March 2005, amidst a severe business environment caused by a surge in jet fuel prices, we recorded increased revenue thanks to an upward revision of the number of flights on regular routes (compared with the initial plan) as well as higher ticket prices. This combined with various successful cost-reduction measures to produce an improvement in the balance of income and expenditure, and the Company recorded a net income of ¥30 billion on a consolidated basis.

The situation in the term under review is described in the preceding section "1. Business Overview (1) Business Performance of JAL Group."

## b. Company's Business Results and Assets

Item	1st term (FY2002)	2nd term (FY2003)	3rd term (FY2004)	4th term (FY2005)
Operating revenue (¥ Million)	3,176	21,329	16,197	23,260
Ordinary income (¥ Million)	40	10,167	489	8,595
Net income (¥ Million)	11	8,701	270	<u>(132,336)</u>
Net income per share (¥)	0.01	4.41	0.13	(66.82)
Total assets (¥ Million)	619,604	931,961	1,016,808	885,620
Net assets (¥ Million)	289,351	285,648	276,965	136,593
Net assets per share (¥)	146.24	145.54	139.84	68.98

### Notes

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The Company is the holding company for the JAL Group, and in that capacity it generates earnings from such sources as dividends from its operating subsidiaries, management guidance fees collected from those companies, fees for special fiduciary services and interest on loans.



## **2. Company Overview**

[The statements hereafter are true as of March 31, 2006, unless otherwise specified.]

### **(1) The JAL Group's Principal Activities**

Operation of scheduled and non-scheduled air transportation businesses, aircraft maintenance business, and additional and related businesses

### **(2) Principal Branch Offices and Service Centers of the JAL Group**

JAL Head office: 4-11, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo

In Japan:	Sapporo, Hakodate, Asahikawa, Obihiro, Kushiro, Kitami, Aomori, Akita, Morioka, Yamagata, Sendai, Fukushima, Tokyo, Niigata, Nagoya, Kanazawa, Nagano, Osaka, Wakayama, Kobe, Okayama, Hiroshima, Sanin, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Yamaguchi-Kitakyushu, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, Amami and Okinawa
Overseas:	Seoul, Busan, Beijing, Tianjin, Qingdao, Shanghai, Dalian, Xiamen, Guangzhou, Xian, Hangzhou, Hong Kong, Manila, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Denpasar, Sydney, Brisbane, Auckland, New Delhi, Cairo, Moscow, Frankfurt, Amsterdam, Zurich, London, Paris, Madrid, Milan, Rome, Vienna, Guam, Vancouver, New York, Chicago, Atlanta, Los Angeles, San Francisco, Las Vegas, Anchorage, Honolulu, Kona, Mexico City, Sao Paulo, Taipei and Kaohsiung
Service Center:	Haneda Maintenance Center, Narita Maintenance Center

### (3) JAL Group Fleet

Type of Aircraft	Number of Aircraft	Number of Seats or Maximum Weight Loading	Comments
B747-400 (long distance)	34	303 to 449 seats	1 is on lease.
B747LR-SUD (long distance)	14	350 to 483 seats	
B747LR (long distance)	5	383 to 435 seats	2 are on lease.
B747-400D (short distance)	8	546 seats	1 is on lease.
B747SR-SUD (short distance)	1	563 seats	
B747-400F (cargo only)	2	110 tons	Both are on lease.
B747F (cargo only)	9	110 tons	2 are on lease.
(Subtotal)	(73)		
B777-200	14	380 to 398 seats	3 are on lease.
B777-300	7	472 seats	All are on lease.
B777-200ER	11	268, 302 seats	All are on lease.
B777-300ER	4	292 seats	3 are on lease
(Subtotal)	(36)		
A300-600R	22	290 seats	4 are on lease.
A300	3	298 seats	
(Subtotal)	(25)		
B767-200	3	207 seats	
B767-300	22	232, 270 seats	6 are on lease.
B767-300ER	14	237 seats	All are on lease.
(Subtotal)	(39)		
MD-90	16	166 seats	
MD-81	18	163 seats	6 are on lease.
MD-87	8	134 seats	
B737-400	23	145 to 167 seats	14 are on lease.
DHC 8-400	7	74 seats	4 are on lease.
YS-11	4	64 seats	
CRJ200	8	50 seats	All are on lease.
SAAB 340B	14	36 seats	4 are on lease.
DHC 8-100	4	39 seats	
BN-2B	3	9 seats	
Total	278		

#### (4) Shares

##### a. Number of Shares

Authorized:	7,000,000,000 shares
Issued:	1,982,383,250 shares

##### b. Number of Shareholders

329,922 (27,569 year-on-year increase)

##### c. Major Shareholders

Name	Shares (1,000)	Ratio of Voting Rights	Our investment	Ratio of shareholding
Tokyu Corporation	80,397	4.12%	—	—%
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	75,471	3.87	—	—
Bank Of Tokyo-Mitsubishi UFJ, Ltd	44,722	2.29	—	—
Nissay Dowa General Insurance Co., Ltd	43,076	2.21	—	—
Nippon Life Insurance Company	41,756	2.14	—	—
Eitaro Itoyama	40,100	2.05	—	—
Fukoku Mutual Life Insurance Company	40,001	2.05	—	—
JAL Group Employees' Stockholding	36,144	1.85	—	—
Mizuho Corporate Bank, Ltd.	35,303	1.81	—	—
Japan Trustee Services Bank, Ltd. (Trust)	33,691	1.73	—	—

Note: Bank of Tokyo-Mitsubishi, Ltd and UFJ Bank Limited merged on January 1, 2006, to form the Bank Of Tokyo-Mitsubishi UFJ, Ltd.

#### (5) Purchase, Disposal, and Holding of Treasury Stock

##### a. Shares Purchased

Common Stock	758,095 shares
Amount of purchase	¥232million

##### b. Shares Disposed of

Common Stock	391,856shares
Amount of disposal	¥119million

##### c. Shares Held at the End of the Term

Common Stock	2,209,628shares
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#### (6) Subscription Rights

##### a. Subscription Rights Currently Issued

Subscription rights pertaining to currently issued bonds with subscription rights

	Guaranteed Euroyen convertible bonds with subscription rights, maturing in 2011
Date of issuance decision	March 17, 2004
Number of subscription rights	100,000
Class & number of issued shares	227,272,727 ordinary shares
Issue price	Gratis
Conversion price	¥440
Period for exercise of conversion rights	April 19, 2004, to March 11, 2011

## (7) JAL Group Employees

Field of operations	Employees
Air transportation	23,546
Airline-related	19,077
Travel services	4,733
Other business	5,654
Total	53,010

Note: The figure for employees includes employees of the entire Group.

## (8) Members of the Corporate Group

### a. Major Subsidiaries

Company Name	Capital (¥ Million)	Ratio of Voting Rights (%)	Main Line of Business
Japan Airlines International Co., Ltd.	188,550	100.0	Air transport business
Japan Airlines Domestic Co., Ltd.	21,486	100.0	Air transport business
Japan Asia Airways Co., Ltd.	4,310	100.0	Air transport business
Japan Trans Ocean Air Co., Ltd.	4,537	*53.1	Air transport business
JALways Co., Ltd.	3,000	*100.0	Air transport business
JAL EXPRESS Co., Ltd.	2,500	*100.0	Air transport business
Japan Air Commuter Co., Ltd.	300	*60.0	Air transport business
AGP Corporation	2,038	63.0	Power supply to aircraft
JAL Sales Co., Ltd.	1,000	100.0	Air ticket sales, travel product sales
JALPAK Co., Ltd.	900	*78.6	Travel product planning and sales
JAL Tours Co., Ltd.	80	*80.7	Travel product planning and sales
JAL Hotels Co., Ltd.	4,272	*90.7	Hotel management, hotel operation subcontractor
JALUX Inc.	2,558	*51.7	Wholesale, retail, non-life insurance agency, etc.

Notes:

1. An asterisk \* indicates the ratio of shareholding including the shares owned by subsidiaries.
2. Japan Airlines International Co., Ltd. and JAL Sales Co., Ltd. merged on April 1, 2006, with the former being the surviving entity.
3. On October 5, 2005, the boards of directors of Japan Airlines International Co., Ltd. and Japan Airlines Domestic Co., Ltd. passed resolutions approving the merger of the two companies with effect from October 1, 2006, with the former being the surviving entity. A formal merger contract was signed between the two companies on March 10, 2006

### b. Significant Developments and Results in the Corporate Group

Including the major subsidiaries above, the total number of consolidated subsidiaries stood at 152 (down by 4 from the previous term), and the number of affiliates accounted for by the equity method totaled 20 (down by 1 from the previous term).

The operating revenues of the JAL Group totaled ¥2,199.3billion, and net loss for the term totaled ¥47.2billion.

**(9) Principal Creditors**

Creditor	Loan Balance at the End of Term (¥ million)	Company Shares Held by Creditor	
		Shares Held (thousand shares)	Ratio of Voting Rights (%)
Development Bank of Japan	337,221	-	-
Bank Of Tokyo-Mitsubishi UFJ, Ltd	59,613	44,772	2.29
Mizuho Corporate Bank, Ltd.	42,253	35,303	1.81
Sumitomo Mitsui Banking Corporation	29,000	14,792	0.76
The Dai-ichi Mutual Life Insurance Company	13,497	8,647	0.44
Sumitomo Trust & Banking Co., Ltd.	13,000	-	-
Meiji Yasuda Life Insurance Company	11,520	4,533	0.23
Nippon Life Insurance Company	11,024	41,756	2.14
Mitsubishi UFJ Trust and Banking	10,000	10,166	0.52
Shinkin Central Bank	9,581	-	-

Note : Bank of Tokyo-Mitsubishi,Ltd and UFJ Bank Limited merged on January 1, 2006, to form  
The Bank Of Tokyo-Mitsubishi UFJ,Ltd .

**(10) Directors and Auditors**

Title	Name	Area of Responsibility
Representative Group CEO & President	Toshiyuki Shinmachi	Chairman, Safety Enhancement Task Force Chairman, Flight Safety Committee SVP, General Manager, Integration Conference Committee Chairman, CSR Committee Chairman, Corporate Compliance & Business Risk Management Committee
Representative Director & Executive Vice President	Katsuo Haneda	Assistant to the President SVP, General Manager, Corporate Safety SVP, Deputy General Manager, Integration Committee
Representative Senior Managing Director	Hidekazu Nishizuka	SVP, Deputy General Manager, Integration Committee SVP, General Manager Corporate Planning SVP, General Manager Human Resources Planning SVP, Corporate Compliance SVP, Public Relations
Managing Director	Takenori Matsumoto	SVP, Deputy General Manager, Corporate Safety SVP, Environmental Affairs SVP, Chairman, Environmental Affairs, CSR Committee
Senior Vice President	Nobuyoshi Sera	SVP, Investor Relations
Senior Vice President	Fumio Tsuchiya	SVP, Deputy General Manager, Corporate Planning SVP, Brand Management SVP, CSR Committee
Senior Vice President	Haruka Nishimastu*	SVP, Finance SVP, Purchasing
SVP (nonstanding)	Shunji Kono	Advisor, The Tokio Marine & Nichido Fire Insurance Co., Ltd.
SVP ("") SVP ("") Corporate Auditor (standing)	Ken Moroi Shinobu Shimizu Yasunaka Furukawa	Advisor, Taiheiyo Cement Corp. Advisor, Tokyu Corp.
CA(") CA(") CA	Toshiyuki Sakai Shigeo Matsui Seiso Neo	Standing Corporate Auditor, Japan Airlines International Co., Ltd.
CA CA	Yoshihisa Akiyama Masao Nishimura	Chairman, The Kansai Electric Power Co., Inc. Former President, The Industrial Bank of Japan, Ltd.

Notes

1. Directors marked with \*was newly elected director at the thirdannual general meeting of shareholders held on June 28, 2005 and duly took office.

2. On April 1, 2005, the office of Group Chief Executive Officer and Chairman Isao Kaneko also assumed Chairman, and Toshiyuki Shinmachi relinquished President and assumed the office of Group Chief Executive Officer and President, and Katsuo Haneda relinquished Senior Vice President and assumed Executive Vice President, and Hidekazu Nishizuka relinquished Executive Vice President and assumed Senior Managing Director, Takenori Matsumoto relinquished Senior Managing Director and assumed Managing Director.
3. On May 31, 2005, Chairman Isao Kaneko resigned from office and retired.
4. On June 28, 2005, Senior Vice President Mitsuo Komatsubara retired when his term of office expired.
5. On March 31, 2006, Executive Vice President Katsuo Haneda, Senior Managing Director Hidekazu Nishizuka, Senior Vice President Takenori Matsumoto, Senior Vice President Nobuyoshi Sera resigned from office and retired.
6. On March 1, 2006 the Company held an extraordinary meeting of the Board of Directors at which the following changes were made to representative directors and other senior directors, all of who assumed their new offices on April 1, 2006.  
 Senior Vice President Haruka Nishimastu was appointed Senior Managing Director  
 Senior Vice President Fumio Tsuchiya was appointed Managing Director
7. Shunji Kono, Ken Moroi, and Shinobu Shimizu are outside directors as defined in Article 188, Paragraph 2(7)-2 of the Commercial Code.
8. Yoshihisa Akiyama and Masao Nishimura are outside auditors as stipulated in Article 18, Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Corporations.

The names and areas of responsibilities of the executive officers are as follows.

Title	Name	Area of Responsibility
Senior Executive Officer	Sumio Yasunaga	SEO, General Manager Corporate Affairs VP, Executive Secretariat Office
Senior Executive Officer	Hideyuki Kanenari	SEO, Marketing Strategy & Research SEO, Corporate Planning SEO, Corporate Affairs VP, Strategic Policy & Research
Executive Officer	Kimio Hiroike	EO, Associated Business EO, Deputy General Manager, Human Resources Planning
Executive Officer	Syunichi Saito *	SEO, IT Strategy and Planning

Notes:

1. \* Syuinichi Saito assumed office as a new executive officer on April 1, 2005.
2. On March 31, 2006, Senior Executive Officer Sumio Yasunaga and Senior Executive Officer Hideyuki Kanenari retired when their term of office expired.
3. On March 1, 2006 the Company held an extraordinary meeting of the Board of Directors at which the following changes were made to Senior Executive Officer and Executive Officer, all of whom assumed their new offices on April 1, 2006.  
 Kiyoshi Kishida and katsuhiko Nawano were appointed Senior Executive Officer  
 Kimio Hiroike, Toshio Yasunaka, Tetsuya Takenaka, Syunichi Saito, Masaaki Haga, Toshiro Moriya, Kunio Hirata, Atsuro Nishi were appointed Executive Officer

#### (11) Amount of Compensation Paid to Directors and Corporate Auditors

Directors (10):	¥114 million
Corporate auditors (6):	¥57 million

Notes

1. In addition to the above amounts, retirement bonuses totaling ¥14 million were paid to one outgoing

director.

#### **(12) Amount of Compensation to be Paid to Independent Auditors**

a. Aggregate amount of compensation to be paid by the Company and its consolidated subsidiaries to independent auditors:	259million yen
b. From the total in a, the aggregate amount of compensation to be paid by the Company and its consolidated subsidiaries to independent auditors as consideration for audit certification in accordance with Article 2, Clause 1 of the Certified Public Accountants Law:	246million yen
c. From the total in b, the amount of compensation to be paid by the Company as auditors' fees to independent auditors:	34million yen

Note: In the audit agreement between the Company and its independent auditors, the amounts of compensation for audits pursuant to the Commercial Code Special Measures Law and the amounts of compensation for audits pursuant to the Securities and Exchange Law are not demarcated and cannot practically be demarcated. Therefore, the amount in c above is the aggregate of these amounts.

### **3. JAL Group Subsequent Events**

Japan Airlines International Co., Ltd. and JAL Sales Co., Ltd., both wholly-owned subsidiaries of Japan Airlines Corporation, merged with effect from April 1, 2006, with the former being the surviving entity.

### **4. Other Matters that May Significantly Affect the Business Performance or Financial Position of the JAL Group**

#### **(1) Lawsuits, etc.**

The offices of the Frankfurt cargo depot of Japan Airlines International Co., Ltd. (JALI), an operating company with the status of wholly-owned subsidiary of Japan Airlines Corporation, the holding company, was subject to a raid by investigating officers of the European Union's anti-monopoly authorities on February 14, 2006, on suspicion of the company's involvement in an air cargo price-fixing cartel. On the same day, the offices of JALI's cargo depot in New York were raided by officers of the U.S. Department of Justice on the same suspicion.

Subsequent to these investigations, on February 17 and other dates, a number of lawsuits were brought before courts in the United States by U.S. cargo owners against not only JALI but also a number of other air cargo carriers. The lawsuits and class action suits intended to put a stop to the price-fixing activities which the airline companies are alleged to have engaged in, as well as to seek compensation for financial damage suffered as a result of the alleged price-fixing cartels. It remains unclear how much financial compensation is being sought in these lawsuits.

These on-site inspections and class action lawsuits may, of course, have a significant impact on the business performance of the JAL Group, but as it is unclear at the present moment which or how many countries or supranational groupings (such as, but not limited to, the European Union, the United States of America, Switzerland, and New Zealand) are pursuing such investigations, it is not possible to make a rational forecast of the end-result.

#### **(2) Order Received from Fair Trade Commission to Desist from Misleading Advertising and the Offering of Unreasonable Premiums**

Japan Airlines Domestic Co., Ltd., a wholly owned subsidiary of Japan Airlines Corporation, was accused by the Fair Trade Commission of acting, with respect to the company's advertising of flights on domestic routes in certain regions of Japan, in contravention to the stipulations of the Act Against Unjustifiable Premiums and Misleading Representations. The company was ordered to



cease such practices. The management of Japan Airlines Corporation wishes to apologize sincerely to all its shareholders, customers, and other business partners and stakeholders for any worry and trouble caused them by this incident.

From here onward, the JAL Group will take measures to thoroughly ensure that it employs no advertising likely to mislead its customers.

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1. The amounts and quantities listed in this Business Report are rounded down to the nearest unit of measure indicated.
  2. Pursuant to Article 105, Paragraph 2, of Enforcement Regulations of the Commercial Code, business reports shall principally state consolidated information as of the business report for the third term.

# Consolidated Balance Sheet

As of March 31, 2006

(Millions of yen)

Assets		Amount	Liabilities		Amount
Assets	I. Current assets		Liabilities	I. Current liabilities	
	Cash and deposits	173,948		Accounts payable - trade	237,803
	Accounts and notes receivable - trade	237,479		Short-term borrowings	6,562
	Short-term investments in securities	5,936		Current portion of bonds	30,000
	Supplies	83,717		Current portion of long-term loans	113,045
	Deferred income taxes	9,539		Accrued income taxes	4,700
	Other	179,695		Deferred income taxes-current	29
	Less: Allowance for doubtful accounts	(2,996)		Other	252,702
	Total current assets	687,319		Total current liabilities	644,844
	II. Fixed assets			II. Non-current liabilities	
	(Tangible fixed assets)	(1,152,762)		Bonds	280,000
	Buildings and structures	203,039		Long-term loans	800,001
	Machinery, equipment and vehicles	31,743		Accrued pension and severance costs	139,753
	Flight equipment	791,098		Deferred income taxes-non-current	1,340
	Land	55,979		Other	119,784
	Construction in progress	49,551		Total non-current liabilities	1,340,879
	Other	21,348		Total liabilities	1,985,724
	(Intangible fixed assets)	(72,075)	Stockholders' equity	Minority interests	27,449
	Software	70,373		Stockholders' equity	
	Other	1,701		I. Capital stock	100,000
	(Investments and other assets)	(249,076)		II. Capital surplus	136,145
	Investments in securities	88,750		III. Accumulated deficit	(90,186)
	Long-term loans	14,582		IV. Net unrealized gain on investments in securities, net of taxes	8,777
	Deferred income taxes	52,085		V. Translation adjustments	(5,776)
	Other	96,043		VI. Treasury stock	(892)
	Less: Allowance for doubtful accounts	(2,385)		Total stockholders' equity	148,066
	Total fixed assets	1,473,913		Total liabilities and stockholders' equity	2,161,240
	III. Deferred charges				
	Bond issuance expenses	6			
	Total deferred charges	6			
	Total assets	2,161,240			

# Consolidated Statement of Operations As of March 31, 2006

(Millions of yen)

Operating revenue		Amount
Ordinary income/loss	Operating revenues	
	Operating revenues	2,199,385
	Total operating revenues	2,199,385
	Operating expenses	2,226,220
	( Cost of operating revenues )	1,839,190
	( Selling, general and administrative expenses )	387,029
	Operating loss	26,834
	Non-operating income	
	Non-operating income	
	Total non-operating income	26,378
	( Interest and dividend income )	3,713
	( Equity in earnings of affiliates )	1,899
	( Exchange gain )	12,170
	( Other )	8,593
	Non-operating expenses	
	Total non-operating expenses	41,152
	( Interest expense )	21,811
	( Other )	19,340
Ordinary loss		41,608
Extraordinary profit/loss	Extraordinary gain	
	Total extraordinary gain	30,471
	( Gain on sales of fixed assets )	19,093
	( Gain on partial termination of the defined benefit plan )	6,810
	( Other extraordinary gain )	4,567
	Extraordinary loss	
	Total extraordinary loss	35,303
	( Loss on sales and disposal of fixed assets )	6,052
	( Loss on impairment of fixed assets )	18,705
	( Special termination benefits )	4,033
	( Other )	6,511
Loss before income taxes and minority interests		46,440
Income taxes - current		8,419
Income taxes - deferred		(9,966)
Minority interests		2,350
Net loss		47,243

## Notes to Consolidated Financial Statements

### Basis of Presentation of the Consolidated Financial Statements

#### 1. Scope of Consolidation

##### (1) Consolidated subsidiaries

Number of consolidated subsidiaries: 152

Consolidated subsidiaries are stated in the Business Report section 2. Company Overview, (8) Members of the Corporate Group, a. Status of Major Subsidiaries.

JAL GROUP SENIOR CENTER is a newly consolidated subsidiary by its incorporation. NIKKO INFLIGHT CATERING CO., LTD., was excluded from the scope of consolidation following the sales of its shares. JAPAN FUEL TRADING CO., LTD. and HOTEL NEW NIKKO DE PARIS S.A.S were both liquidated and JALTOUR GMBH merged into JALPAK INTERNATIONAL (GERMANY) GMBH, and as a result, those formerly consolidated subsidiaries are excluded from the scope of consolidation. In addition, JAL TRAVEL NAGASAKI CO., LTD. was excluded from the scope of consolidation from materiality perspective.

##### (2) Non-consolidated subsidiaries

Name of major non-consolidated subsidiary  
JAL FSC Lessee (Chi) Company, Ltd.

The total assets, operating revenue, net income (loss) and retained earnings of the non-consolidated subsidiaries are all small in scale, and have no material effect in the aggregate on the consolidated financial statements. They have therefore been excluded from the scope of consolidation.

#### 2. Application of the Equity Method

##### (1) Non-consolidated subsidiaries and affiliates accounted for by the equity method

Number of non-consolidated subsidiaries and affiliates, which are accounted for by the equity method:  
20

Names of the major non-consolidated subsidiaries and affiliates, which are accounted for by the equity method:

JAMCO Corporation, Airport Facilities Co., Ltd., Tokyo City Air Terminal Co., Ltd. and JAL Information Technology Co., Ltd.

TNN GUAM INC., which had been accounted for by the equity method, was excluded from application of the equity method following the sales of its shares.

##### (2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Name of the major non-consolidated subsidiary which is not accounted for by the equity method.

JAL FSC Lessee (Chi) Company, Ltd.

The non-consolidated subsidiaries and affiliates not accounted for by the equity method had an insignificant effect on consolidated net loss and retained earnings and had no material effect on the consolidated financial statements. They have thus been excluded from being accounted for by the equity method.

#### 3. Fiscal Years of Consolidated Subsidiaries

The balance sheet date of 25 consolidated subsidiaries including Pacific Fuel Trading Corporation is

December 31 and the balance sheet date of Official Filing Co., Ltd. is February 28. Any significant differences in inter-company transactions between the balance sheet dates of those subsidiaries and the balance sheet date of the consolidated financial statements have been adjusted, if necessary.

#### 4. Significant Accounting Policies

##### (1) Valuation of significant assets

###### (a) Investment in securities: Other securities

Marketable securities: Stated at fair value as of the fiscal year end  
(Revaluation difference is reported as a separate component of stockholders' equity, net of taxes.

Cost of securities sold is determined principally by the moving average method.

Non-marketable securities: Stated at cost determined by the moving average method

(b) Inventories: Stated primarily at cost by the moving average method

(c) Derivatives: Stated at fair value

##### (2) Depreciation of fixed assets

Aircraft (including spare engines and spare parts): Straight-line method or declining balance method

Tangible fixed assets excluding aircraft:

Japan Airlines International Co., Ltd. and

Japan Airlines Domestic Co., Ltd.

Straight-line method

Others

Principally, the declining balance method

Intangible fixed assets: Straight-line method

##### (3) Amortization of deferred charges

Bond issuance expenses: Amortized by straight line method over a period of three years.

##### (4) Provision of significant allowances:

###### (a) Accrued pension and severance costs

- To provide for employees' severance indemnities, a provision is recorded based on the projected benefit obligation and the plan assets as of the fiscal year end.
- The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of fifteen years.
- The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which falls within the average remaining years of service of the employees when incurred at respective fiscal year ends. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.
- Past service cost is principally charged to income as incurred. However, certain consolidated subsidiaries have amortized past service cost by the straight-line method over a period which is less than the average remaining years of service of the employees.
- The JAL Group Pension Fund established by certain consolidated subsidiaries, whose operation was reorganized on April 1, 2006, received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the benefit obligation related to future employee services under the substitutional portion of the WFPF on April 1, 2005 and the portion related to past service on April 1, 2006.

- At the fiscal year end, the amount to be transferred (minimum actuarial liability) was estimated at ¥7,894 million. The potential effects on the result of operations in accordance with paragraph 44–2 of the “Practical Guidelines on Retirement Benefits Accounting (Interim Report),” Report No.13 of the Accounting System Committee of the Japanese Institute of Certified Public Accountants were an extraordinary income of ¥1,526 million and an extraordinary loss of ¥842 million, respectively, assuming that the transfer of the substitutional portion of the benefit obligation had been completed as of the fiscal year end.
- The aforementioned extraordinary loss of ¥842 million was recognized in this fiscal year by crediting accrued pension and severance costs.
- On October 1, 2005, Japan Airlines International Co., Ltd. (“JAL”) introduced a revised pension scheme under which employees have the option to change a portion of their existing lump-sum payment of retirement benefits to a defined contribution plan or to an early payment scheme. As a result, loss before income taxes and minority interests decreased by ¥6,810 million for the year ended March 31, 2006. A portion of the unrecognized obligation at transition, which relates to reducing the benefit obligation by revision of the pension scheme, has been amortized by the straight-line method over a period of 8 years by applying Paragraph 15 “Transitional Arrangement,” of “Accounting for the Transfer between Retirement Benefit Plans” (Accounting Standard Implementation Guidance No. 1) As a result, loss before income taxes and minority interests decreased by ¥1,033 million for the year ended March 31, 2006.
- Certain consolidated subsidiaries transferred a portion of their retirement benefit plans to defined contribution plans primarily on July 1, 2005 or April 1, 2006, and applied “Accounting for Transfer between Retirement Benefit Plans” (Accounting Standard Implementation Guidance No. 1). As a result, loss before income taxes and minority interests increased by ¥643 million for the year ended March 31, 2006.

(b) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided based on the Company’s historical experience of losses on receivables. In addition to the aforementioned general allowance, the allowance for doubtful accounts includes a provision for specific potentially uncollectible receivables.

(5) Translation of significant accounts denominated in foreign currencies

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and any gain or loss on translation is included in current earnings. Adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates which are accounted for by the equity method are included in minority interests and stockholders’ equity.

(6) Accounting for significant leases

Finance leases which do not transfer the ownership of the leased property to the lessee are principally accounted for as operating leases.

(7) Hedge accounting

Deferred hedge accounting is adopted. Foreign receivables and payables for which currency forward exchange contracts are designated are translated at the applicable forward foreign exchange rates. Interest rate swaps are accounted for by special method if certain conditions are met.

(8) Accounting for consumption taxes

Tax exclusion method is adopted.

(9) Adoption of consolidated tax return system

The Company and certain domestic subsidiaries have adopted the consolidated tax return system.

(10) Amortization of consolidation adjustments

Goodwill acquired is amortized by the straight-line method over a period of five years.

(11) Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of newly consolidated subsidiaries are revalued at fair value.

5. Change in Accounting Policy

Accounting standard for impairment of fixed assets

Effective this fiscal year, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for the Impairment of Fixed Assets" issued by the Business Accounting Council on August 9, 2002) and the "Implementation Guidance on the Accounting Standard for the Impairment of Fixed Assets" (Accounting Standard Implementation Guidance No. 6 issued on October 31, 2003) as this standard and its Implementation Guidance has been applied to the accounting period beginning on and after April 1, 2005. The effect of the adoption of this standard was to decrease operating loss and ordinary loss by ¥158 million and by ¥156 million, respectively, and to increase loss before income taxes and minority interests by ¥18,549 million for the fiscal year ended March 31, 2006.

6. Notes to Consolidated Balance Sheet

(1) Fractional amounts of less than one million yen have been omitted.

(2) Accumulated depreciation of tangible fixed assets	¥1,582,627 million
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(3) Assets pledged as collateral

Flight equipment	¥549,678 million
Supplies	¥51,876 million
Investments in securities	¥53,705 million
Land, buildings and other	¥177,084 million

Shares in certain consolidated subsidiaries have been pledged as collateral.

(4) Contingent liabilities

Guarantees	¥16,887 million
Commitments such as guarantees, keep-well agreements and other	¥686 million

JALI, a wholly owned subsidiary of the Company, is alleged to have been involved in anti-competitive practices such as price-fixing and collusion with several international cargo operators and its cargo operation office in Frankfurt was investigated by the European Union antitrust authorities on February 14, 2006. On the same date, the U.S. Department of Justice inspected JALI's cargo operation office in New York. In relation to the investigation of alleged anti-competitive practices, certain air cargo customers have filed several class action lawsuits in the U.S since February 17, 2006 against international cargo operators including JALI claiming that alleged price-fixing practices have damaged their interests and such practices should be enjoined. No specific amounts of damages or compensation have been claimed in these class action proceedings. Management of the Company holds the view that these investigations and class action lawsuits on alleged anti-competitive practices could have a material impact on the results of operations of the Company and the group. However management is unable to estimate the possible outcome of the ongoing investigations and class action lawsuits reasonably at this stage since investigations by the authorities of a number of jurisdictions which include, but may not be limited to, the European Union, the United States, Switzerland and New Zealand are still ongoing.

7. Notes to Consolidated Statement of Operations

(1) Fractional amounts of less than one million yen have been omitted.

(2) Net loss per share ¥23.88

#### 8. Subsequent Event

JALI, a wholly owned subsidiary of the Company as the surviving company, and JAL Sales Co, Ltd., a wholly owned subsidiary of the Company, merged on April 1, 2006.



## Copy of Report of Independent Auditors (translation)

### Report of Independent Auditors

(Consolidated)

The Board of Directors  
Japan Airlines Corporation

May 16, 2006

ERNST & YOUNG SHINNIHON

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Tsunetoshi Harada  
Designated and Engagement Partner  
Certified Public Accountant

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Shinichiro Suzuki  
Designated and Engagement Partner  
Certified Public Accountant

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Hirohisa Fukuda  
Designated and Engagement Partner  
Certified Public Accountant

In accordance with Section 3 of Article 19-2 of “The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations,” we have audited the consolidated balance sheet and the consolidated statement of operations of Japan Airlines Corporation applicable to the 4th fiscal year from April 1, 2005 to March 31, 2006. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion independently on these consolidated financial statements.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company’s consolidated subsidiaries as considered necessary.

As a result of our audit, it is our opinion that the consolidated financial statements present properly the consolidated financial position and the consolidated results of their operations of Japan Airlines Corporation and its consolidated subsidiaries in accordance with the related regulations and the Articles of Incorporation.

As described in Note 5, “Change in accounting policy,” effective this fiscal year the Company adopted a new accounting standard for impairment of fixed assets. It is our opinion that this change is appropriate as it follows the introduction of the new accounting standard effective the fiscal year beginning on and after April 1, 2005.

The subsequent event relating to a merger between the Company’s subsidiaries is described in the consolidated financial statements.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

## **Copy of Report of the Board of Corporate Auditors (translation)**

### **Report of the Board of Corporate Auditors** (consolidated)

May 23, 2006

We, the Board of Corporate Auditors of Japan Airlines Corporation, have received from each Corporate Auditor a report on auditing methods used and the results of its audits on the consolidated financial statements (consolidated balance sheet and consolidated statement of operations) during the fourth fiscal year from April 1, 2005 to March 31, 2006, and have compiled this audit report after consultations, and do hereby report as follows;

#### **1. Outline of the auditing method used by Corporate Auditor**

In accordance with the auditing policies and other guidelines set down by the Board of Corporate Auditors, each Corporate Auditor conducted an audit of the consolidated financial statements, after having received relevant reports and explanations from directors, other officers and independent auditors.

#### **2. Results of audits**

The method used and results obtained by the independent auditors, ERNST & YOUNG SHINNIHON, have been recognized to be proper and fair.

Yasunaka Furukawa, Corporate Auditor (standing)  
Toshiyuki Sakai, Corporate Auditor (standing)  
Shigeo Matsui, Corporate Auditor (standing)  
Seiso Neo, Corporate Auditor  
Yoshihisa Akiyama, Corporate Auditor  
Masao Nishimura, Corporate Auditor

The Board of Corporate Auditors  
Japan Airlines Corporation

(Note) Yoshihisa Akiyama and Masao Nishimura are outside statutory auditors as stipulated in Article 18, Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Corporations.

# Non-Consolidated Balance Sheet

(As of March 31, 2006)

(Millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
I. Current assets		I. Current liabilities	
Cash and deposits	3,129	Accounts payable - trade	471
Accounts receivable – trade	2,296	Current portion of long-term loans	53,084
Short-term loans receivable from a subsidiary	11,700	Accounts payable – other	4,062
Current portion of long-term loans receivable from subsidiaries	53,084	Accrued income taxes	105
Prepaid expenses	46		
Accounts receivable - other	5,338	Accrued expenses	2,239
Deferred income taxes	27	Other current liabilities	131
Other	20		
Total current assets	75,644	Total current liabilities	60,095
II. Fixed assets		II. Non-current liabilities	
(Tangible fixed assets)	(35)	Bonds	130,000
Tools, furniture and fixtures	35	Long-term loans	558,769
		Accrued pension and severance costs	16
		Other	146
(Intangible fixed assets)	(11)	Total non-current liabilities	688,932
Software	11	Total liabilities	749,027
Other	0	Stockholders' Equity	
(Investments and other assets)	(809,791)	I. Capital	
Investments in securities	249	Capital stock	100,000
Investments in subsidiaries	220,629	II. Capital surplus	
Long-term loans receivable from subsidiaries	588,769	Additional paid-in capital	105,069
		Other capital surplus	63,458
Deferred income taxes	95	Transfer from additional paid-in capital	63,406
Other	47	Gain on disposal of treasury stock	52
Total fixed assets	809,839	Total capital surplus	168,528
III. Deferred charges		III. Accumulated deficit	(131,274)
Start-up costs	130		
Bond issuance expenses	6	IV. Treasury stock	(659)
Total deferred charges	137	Total stockholders' equity	136,593
Total assets	885,620	Total liabilities and stockholders' equity	885,620

# **Non-Consolidated Statement of Operation**      **From April 1, 2005 to March 31, 2006**

(Millions of yen)

Item			Amount	
Ordinary income/loss	Operating revenues/ expenses	Operating revenues		23,260
		Operating revenues	23,260	
		Operating expenses		14,555
		Cost of operating revenues	8,963	
		Selling, general, and administrative expenses	5,591	
		Operating income		8,705
	Non- operating income/loss	Non-operating income		63
		Interest income	3	
		Other non-operating income	59	
		Non-operating expenses		173
		Interest expense	0	
		Amortization of start-up costs	130	
Other non-operating expenses		42		
	Ordinary income		8,595	
Extraordinary gain/loss	Extraordinary loss		140,495	
	Loss on revaluation of investments in subsidiaries	140,433		
	Loss on cancellation of software lease	61		
Loss before income taxes				131,900
Income taxes - current				409
Income taxes - deferred				27
Net loss				132,336
Unappropriated retained earnings at beginning of the year				1,062
Accumulated deficit at end of the year				131,274

## Notes to Non-Consolidated Financial Statements

### 1. Significant Accounting Policies

- (1) Valuation of investments in securities  
Investments in subsidiaries: Stated at cost determined by the moving average method  
Other securities Non-marketable securities: Stated at cost determined by the moving average method
- (2) Depreciation of fixed assets  
Straight-line method
- (3) Amortization of deferred charges  
Start-up costs: Amortized over a period of five years  
Bond issuance expenses: Amortized over a period of three years
- (4) Provision of significant allowances  
Accrued pension and severance costs  
To provide for employees' severance indemnity, a provision is recorded based on the projected benefit obligation as of the fiscal year end.
- (5) Accounting for significant leases  
Finance leases which do not transfer the ownership of the leased property to the lessees are principally accounted for as operating leases.
- (6) Hedge accounting  
Interest rate swaps are accounted for by special method if certain conditions are met.
- (7) Accounting for consumption taxes  
Amounts are recorded exclusive of consumption tax.
- (8) Adoption of consolidated tax return system  
The consolidated tax return system has been adopted.

### 2. Change in Accounting Policy

#### Accounting standard for impairment of fixed assets

Effective this fiscal year, the Company adopted a new accounting standard for impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council on August 9, 2002) and the "Implementation Guidance on the Accounting Standard for Impairment of Fixed Assets" (Accounting Standard Implementation Guidance No. 6 issued on October 31, 2003) as this standard and its Implementation Guidance has been applied to the accounting period beginning on and after April 1, 2005. The effect of the adoption of this standard was nil for the fiscal year ended March 31, 2006.

### 3. Notes to Balance Sheet

- (1) Fractional amounts of less than one million yen have been omitted.
- (2) Short-term receivables from subsidiaries: ¥70,406 million  
Short-term payables to subsidiaries: ¥4,543 million  
Long-term receivables from subsidiaries: ¥588,770 million

The amounts above include amounts to and from subsidiaries which are presented separately in the balance sheet.

- (3) Accumulated depreciation of tangible fixed assets: ¥24 million

- |   |                  |
|---|------------------|
| (4) Assets pledged as collateral                          |                  |
| Investment in subsidiaries                                | ¥15,792 million  |
| This amount includes assets provided for real guarantees. |                  |
| (5) Contingent liabilities for guarantees:                | ¥669,929 million |
| (6) Amount of deficit in capital paid-in:                 | ¥ 68,475 million |

### 3. Notes to Statement of Operation

- (1) Fractional amounts of less than one million yen have been omitted.
- |                                    |                 |
|------------------------------------|-----------------|
| (2) Transactions with subsidiaries |                 |
| Operating revenues:                | ¥23,260 million |
| Operating expenses:                | ¥1,603 million  |
| Non-operating transactions:        | ¥63 million     |
| (3) Net loss per share:            | ¥66.82          |

## Proposal for Disposition of Accumulated Deficit

### (1) Disposition of accumulated deficit

Item	Amount
Accumulated deficit	¥131,274,633,102
The proposed disposition is as follows:	
Transfer from other capital surplus	¥63,458,885,168
Transfer from additional paid in capital	¥67,815,747,934
Accumulated deficit to be carried forward	¥0

### (2) Appropriation of other capital surplus

Item	Amount
Other capital surplus	¥63,458,885,168
The proposed appropriation is as follows:	
Disposition of Accumulated deficit	¥63,458,885,168
Unappropriated other capital surplus to be carried forward	¥0

## Copy of Report of Independent Auditors (translation)

### Report of Independent Auditors

The Board of Directors  
Japan Airlines Corporation

May 16, 2006

ERNST & YOUNG SHINNIHON

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Tsunetoshi Harada  
Designated and Engagement Partner  
Certified Public Accountant

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Shinichiro Suzuki  
Designated and Engagement Partner  
Certified Public Accountant

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Hirohisa Fukuda  
Designated and Engagement Partner  
Certified Public Accountant

In accordance with Section 1 of Article 2 of “The Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Joint Stock Corporations,” we have audited the balance sheet, the statement of operations, the accounting matters stated in the business report, the proposal for disposition of accumulated deficit and the accounting matters stated in the supplementary schedules of Japan Airlines Corporation applicable to the 4th fiscal year from April 1, 2005 to March 31, 2006. The accounting matters which we have audited in the business report and the supplementary schedules were derived from the accounting books and records of the Company. These financial statements and the supplementary schedules are the responsibility of the Company’s management. Our responsibility is to independently express an opinion on these financial statements and the supplementary schedules based on our audit.

We conducted our audit in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit included procedures applied to the accounts of the Company’s subsidiaries as considered necessary.

As a result of our audit, it is our opinion that:

- a) the balance sheet and the statement of operations present properly the Company’s financial position and the results of its operations in accordance with the related regulations and the Articles of Incorporation,
- b) the accounting matters stated in the business report present properly the Company’s affairs in accordance with the related regulations and the Articles of Incorporation,
- c) the proposal for disposition of accumulated deficit is presented in accordance with the related regulations and the Articles of Incorporation, and
- d) there is nothing to point out as to the accounting matters stated in the supplementary schedules in accordance with the provisions of the Commercial Code.

The subsequent event relating to a merger between the Company’s subsidiaries is described in the business report.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.



## Copy of Report of the Board of Corporate Auditors (translation)

### Report of the Board of Corporate Auditors

May 23, 2006

We, the Board of Corporate Auditors of Japan Airlines Corporation, have received from each Corporate Auditor a report on auditing methods used and the results of its audits on the execution of duties by the directors during the fourth fiscal year from April 1, 2005 to March 31, 2006, and have compiled this audit report after consultations, and do hereby report as follows;

#### 1. Outline of the auditing method used by Corporate Auditor

In according with the auditing policies and other guidelines set down by the Board of Corporate Auditors, we attended meetings of the Board of Directors and other important meetings and also received business reports from directors and other officers, reviewed important approval and other documents, and investigated the operational and financial position of the Company. With respect to subsidiaries, we requested business reports as necessary and also investigated their operational and financial position and exchanged information and opinions with the corporate auditors of the subsidiaries. We also received reports and explanations from the independent auditors and examined the financial statements and the supplementary schedules.

With respect to competitive transactions by directors, transactions between directors and the Company in which their interests conflict, providing economic gains for no consideration by company, irregular transactions with subsidiaries or shareholders and acquisition or disposal of the Company's treasury stocks, in addition to the auditing method mentioned above, we requested reports from directors and other officers and investigated the condition of the transactions concerned as necessary.

#### 2. Results of audits

- (1) The method used and results obtained by the independent auditors, ERNST & YOUNG SHINNIHON, have been recognized to be proper and fair.
- (2) The business report has been recognized to comply with the law and the Articles of Incorporation, and to correctly reflect the status of the Company;
- (3) The proposal for disposal of deficit is recognized to be proper in view of the Company's financial position and other circumstances;
- (4) The supplementary schedules correctly reflect the particulars that should be stated, and there are no particulars for which comment is required;
- (5) No unjust act or serious violation of the laws or the Articles of Incorporation has been detected as to directors performing their duties.

With respect to competitive transactions by directors, transactions between directors and the Company in which their interests conflict, providing economic gains for no consideration by the Company, irregular transactions with subsidiaries or shareholders and acquisition or disposal of the Company's shares in treasury, there is no violation of duties by any directors, either.

- (6) As a result of investigation of subsidiaries, there is no matter to be pointed out as regards the execution of duties by the directors. We regrettably report that one of major subsidiaries of the Company was accused by the Fair Trade Commission of acting, with respect to the company's advertising of flights on domestic routes in certain regions of Japan, in contravention of the stipulations of the Act Against Unjustifiable Premiums and Misleading Representations. The company was ordered to cease such practices. The Board of Corporate Auditors will closely monitor measures to be taken by managements of the Company and the subsidiary to prevent the recurrence of violations of this kind.

Yasunaka Furukawa, Corporate Auditor (standing)  
Toshiyuki Sakai, Corporate Auditor (standing)  
Shigeo Matsui, Corporate Auditor (standing)  
Seiso Neo, Corporate Auditor  
Yoshihisa Akiyama, Corporate Auditor  
Masao Nishimura, Corporate Auditor

The Board of Corporate Auditors

Japan Airlines Corporation

(Note) Yoshihisa Akiyama and Masao Nishimura are outside statutory auditors as stipulated in Article 18, Paragraph 1 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc. of Corporations.

## Reference Document for Exercising Voting Rights

**1. Total shareholder voting rights:** 1,952,472

### **2. Proposed resolutions and reference matters**

#### **Proposed Resolution No.1: Approval of proposal for disposing of deficit for the fourth business period (reporting term)**

The details of the proposal for disposing of the deficit are given on Page 31 of the attached documents. The JAL Group as a whole recorded a significant loss on a consolidated basis for the reporting period, due to factors such as increased costs resulting from sharp rises in fuel prices and sluggish demand due to the occurrence of a series of safety issues. On a non-consolidated basis, too, the Company, the holding company of the Group, recorded a significant net loss for the reporting period, because of the posting of an extraordinary loss due to impairment of investments in consolidated subsidiaries.

Under these circumstances, we regret to announce that we have decided not to declare a dividend for the reporting period.

Regarding disposal of the deficit of 131,274,633,102 yen for the reporting period, the Company will make reversal of a part of statutory reserve included in capital surplus (67,815,747,934 yen) and all of the remaining portion of capital surplus (63,458,885,168 yen) to make up the shortfall. We ask all of you for your understanding.

#### **Proposed Resolution No. 2: Amendments to the Articles of Incorporation**

1. Outline of the proposed resolution and the reason for amendments

(1) In line with changes in regulations for public notices of companies making electronic public notice possible for companies, we propose to adopt an electronic public notice (i.e., notices via the Internet) instead of those by publication in the Nihon Keizai Shimbun newspaper. This will necessitate changes in Article 4 of the current Articles of Incorporation.

In the event that we are unable to give electronic public notice for any unavoidable reasons, we will give public notices by publication in the Nihon Keizai Shimbun issued in Tokyo, in the same manner as previously used.

(2) Upon the enactment of the Corporation Law (Law No. 86, 2005) on May 1, 2006, the management proposes to amend the Articles of Incorporation for the following reasons.

We would like to add a new provision deemed necessary (new Article 16) because of the new establishment of a system which allows companies to disclose a part of the reference documents for the general meetings of shareholders via the Internet, so that information regarding such meetings can be disclosed to shareholders more thoroughly.

We would like to add a new provision deemed necessary (new Article 24) because of the new stipulation allowing for the adoption of the resolutions of the board of directors by all directors' approval in written or electronic form to enable the Board of Directors of the Company to make decisions more swiftly.

We would like to add a new paragraph deemed necessary (new Article 31 Clause 2) because of the new stipulation allowing for the conclusion of the agreement for limitation of liabilities of the outside corporate auditors, so that the outside corporate auditors can fully fulfill the role that we expect of them.

We would like to add new provisions, and make amendments to the provisions, and modify the wording of the provisions, that are deemed necessary as for the deemed inclusion of certain provisions into the Articles of Incorporation upon the enactment of Corporation Law by Act for Amendments of Relevant Laws upon Enforcement of the Corporation Law (Law No. 87, 2005).

In addition to the above, we would like to make necessary amendments throughout the Articles of Incorporation, such as changes to cited text, terminology, and expressions, and changes to provisions regarding types of stock, changes to the number of the articles and so forth, all upon the enactment of Corporation Law.

(3) With the intention of speeding up decision-making and communication, we decided to substantively

integrate the Board of Directors of the Company, the JAL Group holding company, and those of its two major operating subsidiaries. The directors, with the exception of outside directors, of the Company will simultaneously serve as directors of the said subsidiaries. In accordance with this policy, we would like to increase the maximum number of directors from the current 15 to 20, and simplify the classification of director. Therefore, we make propose to amend Article 12, Article 13, Article 16, and Article 19 of the current Articles of Incorporation.

## 2. Details of amendments

The details of the amendments are as follows.

(portions proposed for amendments are underlined)	
Current Articles of Incorporation	Proposed Amendments
<b>CHAPTER I GENERAL PROVISIONS</b>	<b>CHAPTER I GENERAL PROVISIONS</b>
(New provision)	<u>Article 4. Administrative Bodies</u> <u>Other than Directors and General Meetings of Shareholders, the Company shall appoint the following administrative bodies:</u> <u>(1) Board of Directors</u> <u>(2) Corporate Auditors</u> <u>(3) Board of Corporate Auditors</u> <u>(4) Accounting Auditors</u>
<u>Article 4. Method of Giving Public Notices</u> All public notices to be given by the Company <u>shall be given in the Nihon Keizai Shinbun published in Tokyo.</u>	<u>Article 5. Method of Giving Public Notices</u> All public notices to be given by the Company shall be given as the electronic public notices. <u>However, in the event that, due to an accident or for any other unavoidable reason, it becomes impossible to give electronic public notice, such public notices shall be given in the Nihon Keizai Shimbun published in Tokyo.</u>
<b>CHAPTER II SHARES</b>	<b>CHAPTER II SHARES</b>
<u>Article 5. Total Number of Authorized Shares</u> The Company <u>shall be authorized to issue Seven Billion (7,000,000,000) shares, out of which Six Billion (6,000,000,000) shares shall be shares of Common Stock and one billion (1,000,000,000) shares shall be shares of Type A Stock. However, in the event that shares of Common Stock are canceled or shares of Type A Stock are either canceled or converted into shares of Common Stock, the respective numbers of shares so canceled or converted shall be subtracted from the respective total numbers of shares authorized to be issued by the Company.</u>	<u>Article 6. Total Number of Authorized Shares</u> The Company <u>shall be authorized to issue a total of Seven Billion (7,000,000,000) shares, of which Six Billion (6,000,000,000) shares shall be of Common Stock, and one billion (1,000,000,000) shall be of Type A Stock.</u>
(New provision)	<u>Article 7. Issue of Share Certificates</u> <u>The Company shall issue share certificates for all classes of shares.</u>
<u>Article 6. Shares</u> 6.1 <u>The number of shares of one unit of the Company shall be One Thousand (1,000) shares of Common Stock or Type A Stock respectively.</u> 6.2 <u>The Company shall not issue share certificates for shares that are less than one unit of shares (hereinafter to be referred to as "shares falling short of one unit," except when stipulated otherwise in</u>	<u>Article 8. Shares</u> 8.1 <u>The number of shares of one unit of share of the Company shall be One Thousand (1,000) for both Common Stock and Type A Stock respectively.</u> 8.2 <u>The Company shall not issue share certificates for shares that are less than one unit of shares, except when stipulated otherwise in the Share Handling Regulations.</u>

Current Articles of Incorporation	Proposed Amendments
<p>the Shares Handling Regulations.</p> <p>6.3 <u>Shareholders who hold a number of the Company's shares falling short of one unit</u> may request the Company to sell <u>additional shares to make one unit</u> (hereinafter to be referred to as "purchase request"). This shall not apply, however, if such a request is made and the Company does not have the necessary number of treasury stocks to be transferred according to such a request.</p> <p>6.4 In accordance with the provision of <u>Article 211-3.1.2 of the Commercial Code</u>, the Company may <u>purchase its own stocks</u> by means of a resolution by the Board of Directors.</p>	<p>8.3 <u>Shareholders (including Beneficial Shareholders; hereinafter the same)</u> who hold a number of the Company's shares falling short of one unit may request the Company to sell <u>additional shares to make one unit</u> (hereinafter to be referred to as "purchase request"); provided however, that this shall not apply if such a request is made and the Company does not have the necessary number of shares in treasury to be transferred according to such a request.</p> <p>8.4. In accordance with the provision of <u>Article 165. 2 of the Corporation Law</u>, the Company may <u>acquire</u> its own <u>shares</u> by resolution of the Board of Directors, <u>through market transactions or by such other methods as set out in Article 165.1 of the Corporation Law</u>.</p>
<p><u>Article 6-2. Preferred Dividends for Shares of Type A Stock</u></p> <p>6-2.1 In cases where the Company <u>pays dividends</u> referred to in <u>Article 29</u>, the Company shall, prior to any distribution to shareholders of Common Stock (hereinafter to be referred to as "Common Shareholders") or <u>registered pledgees</u> of shares of Common Stock (hereinafter to be referred to as "Common <u>Share Pledgees</u>"), <u>pay dividends</u> in an amount which shall not exceed 25 yen per year per share of Type A Stock and to be determined by the Board of Directors (hereinafter to be referred to as "Type A Stock Preferred Dividends"), to shareholders of Type A Stock (hereinafter to be referred to as "Type A Shareholders") or registered pledgees of shares of Type A Stock (hereinafter to be referred to as "Type A Pledgees").</p> <p>6-2.2 In any case where the amount of the payment to Type A Shareholders and Type A <u>Pledgees</u> as <u>dividends</u> in a <u>fiscal</u> year is less than the amount of Type A Stock Preferred Dividends, the amount of the shortfall shall not be added to the amount of the dividends paid in subsequent <u>fiscal</u> years.</p> <p>6-2.3 No dividends shall be paid to Type A Shareholders or Type A <u>Pledgees</u> except Type A Stock Preferred Dividends.</p>	<p><u>Article 8-2. Preferred Dividends for Shares of Type A Stock</u></p> <p>8-2.1 In cases where the Company <u>distributes the surplus</u> referred to in <u>Article 33 of the Articles of Incorporation</u>, the Company shall, prior to any distribution to shareholders of Common Stock (hereinafter to be referred to as "Common Shareholders") or <u>registered shares pledgees</u> of Common Stock (hereinafter to be referred to as "Registered <u>Common Share Pledgees</u>"), <u>distribute the surplus</u> in an amount to be determined by the Board of Directors but which shall not exceed 25 yen per year per share of Type A Stock (hereinafter to be referred to as "Type A Stock Preferred Dividends"), to shareholders of Type A Stock (hereinafter to be referred to as "Type A Shareholders") or <u>registered shares Pledgees</u> of Type A Stock (hereinafter to be referred to as "<u>Registered Type A Pledgees</u>").</p> <p>8-2.2 In any case where the amount of the payment to Type A Shareholders and <u>Registered Type A Pledgees</u> as <u>distribution of the surplus</u> in a <u>fiscal</u> year is less than the amount of Type A Stock Preferred Dividends, the amount of the shortfall shall not be added to the <u>amount distributed</u> in subsequent fiscal years.</p> <p>8-2.3 No distributions shall be paid to Type A Shareholders or <u>Registered Type A Pledgees</u> except Type A Stock Preferred Dividends.</p>
<p><u>Article 6-3. Distribution of Residual Assets</u></p> <p>6-3.1 In any case where the residual assets of the Company are distributed, Type A Shareholders and Type A <u>Pledgees</u> shall receive the amount equal to the subscription payment price of a share of Type A Stock per share of Type A Stock,</p>	<p><u>Article 8-3. Distribution of Residual Assets</u></p> <p>8-3.1 In any case where the residual assets of the Company are distributed, Type A Shareholders and <u>Registered Type A Pledgees</u> shall receive the amount equal to the payment price of a share of Type A Stock per share of Type A Stock, prior to</p>

Current Articles of Incorporation	Proposed Amendments
<p>prior to any distribution to Common Shareholders or Common Share Pledgees.</p> <p>6-3.2. No residual assets shall be distributed to Type A Shareholders or Type A Pledgees beyond the provision of 6-3.1.</p>	<p>any distribution to Common Shareholders or <u>Registered Common Share Pledgees</u>.</p> <p>8-3.2 No residual assets shall be distributed to Type A Shareholders or <u>Registered Type A Pledgees</u> beyond the provision of <u>8-3.1</u>.</p>
<p><u>Article 6-4. Repurchase</u></p> <p>The Company may at any time <u>repurchase</u> Type A Stock.</p>	<p><u>Article 8-4. Acquisition</u></p> <p>The Company may at any time <u>acquire</u> Type A Stock.</p>
<p><u>Article 6-5. General Voting Rights</u></p> <p>Type A Shareholders shall have no voting rights at a General Meeting of Shareholders.</p>	<p><u>Article 8-5. General Voting Rights</u></p> <p>Type A Shareholders shall have no voting rights at a General Meeting of Shareholders.</p>
<p><u>Article 6-6. Stock Consolidation, Stock Split and Granting of Share Subscription Right</u></p> <p>6-6.1 The Company shall not split nor consolidate the shares of Type A Stock, except as otherwise provided by law.</p> <p>6-6.2 The Company shall not grant Type A Shareholders <u>any rights to subscribe for new shares, share purchase warrants, or rights to subscribe for bonds with share purchase warrants</u>.</p>	<p><u>Article 8-6. Stock Consolidation, Stock Split and Allocation of Offered Shares</u></p> <p><u>8-6.1</u> The Company shall not split nor consolidate the shares of Type A Stock, except as otherwise provided by law.</p> <p><u>8-6.2</u> The Company <u>shall not grant</u> Type A Shareholders <u>rights regarding allotment to shareholders of the Company's shares nor share subscription rights. Moreover, no gratis rights for receiving the Company's shares or share subscription rights shall be granted</u>.</p>
<p><u>Article 6-7. Conversion Rights</u></p> <p>Type A Shareholders may, for the period during which <u>conversion</u> may be demanded as determined by the Board of Directors at the time of the issuance of shares of Type A Stock, demand <u>the conversion of their own shares of such Type A Stock into shares of Common Stock in according to the conditions of conversion</u> as determined by the Board of Directors.</p>	<p><u>Article 8-7 Rights to Demand Acquisition by the Company</u></p> <p>Type A Shareholders may, for the period during which <u>acquisition</u> is allowed to be demanded as determined by the Board of Directors at the time of the issuance of shares of Type A Stock, demand that <u>the Company acquire shares of Type A Stock held by such Shareholder, and, in their place, deliver shares of Common Stock on the conditions</u> determined by the Board of Directors.</p>
<p><u>Article 6-8. Mandatory Conversion</u></p> <p><u>6-8.1</u> On the date of mandatory <u>conversion</u> which shall be determined by the Board of Directors, but shall be no sooner than the Date (hereinafter in this Article the "Date" shall mean one day after the end of period during which <u>conversion</u> may be demanded), each share of Type A Stock, without demands for conversions during the period, shall be converted into the number of shares of Common Stock calculated by dividing the amount of the subscription payment per share by the average (except the days on which the closing prices do not exist) of the closing prices (including quotations on the market) in the regular transaction at the Tokyo Stock Exchange of the shares of Common Stock for thirty (30) trading days commencing forty-five (45) trading</p>	<p><u>Article 8-8 Acquisition</u></p> <p><u>8-8.1</u> On the date of <u>acquisition</u> which shall be determined by the Board of Directors, but shall be no sooner than the Date (hereinafter in this Article the "Date" shall mean one day after the end of the period during which <u>acquisition</u> may be demanded), each share of Type A Stock that <u>was not subject to demands for acquisition during such period shall be acquired in exchange for the Company's shares of Common Stock in the amount</u> calculated by dividing the amount of the subscription payment per share by the average (except days on which the closing prices do not exist) of the closing prices (including quotations on the market) in the regular transaction at the Tokyo Stock Exchange of the shares of Common Stock for thirty (30) trading days commencing forty-five (45)</p>

Current Articles of Incorporation	Proposed Amendments
<p>days before the Date. Such average of the closing prices shall be calculated to the first decimal place and rounded up. In this case, if the average of the closing prices (a) exceeds the upper bound <u>conversion price</u> determined by the Board of Directors at the time of the issuance of Type A Stock (hereinafter to be referred to as the “Upper Bound <u>Conversion Price</u>”), or (b) falls below the lower bound <u>conversion price</u> determined by the Board of Directors at the time of the issuance of the Type A Stock (hereinafter to be referred to as the “Lower Bound <u>Conversion Price</u>”), each share of the Type A Stock shall be converted into the number of shares of Common Stock calculated by dividing the amount of the subscription payment by the Upper Bound <u>Conversion Price</u> in case (a), or the Lower Bound <u>Conversion Price</u> in case (b).</p> <p>6-8.2 If in any case of fractions of less than one (1) share in calculating the number of the shares of Common Stock to be issued in accordance with Section 6-8.1, such fractional shares shall be treated pursuant to the rules for <u>stock consolidation</u> described in the Commercial Code.</p>	<p>trading days before the Date. Such average of the closing prices shall be calculated to the first decimal place and rounded up. In this case, if the average of the closing prices (a) exceeds the upper bound <u>acquisition price</u> determined by the Board of Directors at the time of the issuance of Type A Stock (hereinafter to be referred to as the “Upper Bound Conversion Price”), or (b) falls below the lower bound <u>acquisition price</u> determined by the Board of Directors at the time of the issuance of the Type A Stock (hereinafter to be referred to as the “Lower Bound <u>Acquisition Price</u>”), <u>each share of the Type A Stock shall be exchanged for the Company’s shares of Common Stock, as payment for the acquisition of such Type A Stock</u>, the number of shares of which shall be calculated by dividing the amount of <u>the subscription payment</u> by the Upper Bound <u>Acquisition Price</u> in case (a), or the Lower Bound <u>Acquisition Price</u> in case (b).</p> <p><u>8-8.2</u> If in any case of fractions of less than one (1) share in calculating the number of the shares of Common Stock to be issued in accordance with <u>Article 8-8.1</u>, such fractional shares shall be treated pursuant to the <u>rules for stock consolidation described in the Corporation Law</u>.</p>
<p><u>Article 7.</u> Limitation on Inclusion of Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders</p> <p>If the Company receives from a person who falls into one of the categories listed in the items below a request for inclusion of their name and address in the register of shareholders and the register of beneficial shareholders and if its acceptance of such a request causes the total voting rights owned by persons who fall into one of the categories listed in the items below to represent one-third of the total voting rights for the Company or more, the Company shall refuse such inclusion.</p> <ul style="list-style-type: none"> <li>(1) Person who does not have Japanese citizenship</li> <li>(2) Foreign country, foreign public body or similar entity</li> <li>(3) Corporation or other organization established under foreign laws and regulations</li> </ul>	<p><u>Article 9.</u> Limitation on Inclusion of Citizens of Foreign Countries and Other Persons in Register of Shareholders and Register of Beneficial Shareholders</p> <p>If the Company receives from a person who falls into one of the categories listed in the items below, a request for inclusion of their name and address in the register of shareholders (including the register of beneficial shareholders; hereinafter the same) and if its acceptance of such a request causes the total voting rights owned by persons who fall into one of the categories listed in the items below to represent one-third of the total voting rights for the Company or more, the Company shall refuse such inclusion.</p> <ul style="list-style-type: none"> <li>(1) Person who does not have Japanese citizenship</li> <li>(2) Foreign country, foreign public body or similar entity</li> <li>(3) Corporation or other organization established under foreign laws and regulations</li> </ul>
<p><u>Article 8.</u> Shares Handling Regulations (Omitted)</p>	<p><u>Article 10.</u> Shares Handling Regulations</p> <p>All handling procedures for shares and share purchase warrants, including, but not limited to, exercise of voting rights or other shareholder’s rights by electronic means,</p>

Current Articles of Incorporation	Proposed Amendments
	types of share certificates, registration of transfer of share ownership and share purchase warrants on the register of shareholders, entry and record on the register of beneficial shareholders or the register of lost share certificates, purchase and sale by the Company of its shares falling short of one unit, registration of pledges of shares of the Company and cancellation of such registration, issuance of replacement share certificates, registration and indication of trust assets in shares and share purchase warrants of the Company and cancellation thereof, and fees chargeable by the Company therefore, shall be governed by these Articles of Incorporation and the Shares Handling Regulations adopted by the Board of Directors.
<p><u>Article 9. Registration of Address, Etc.</u></p> <p>9.1 Each of those shareholders or <u>their registered pledges</u>, legal representatives or authorized officers who do not have an address or domicile in Japan shall designate a notice address in Japan or appoint a local agent in Japan and notify the Company of such designation or appointment. (All references herein and hereinafter to shareholders shall be deemed to include references to beneficial shareholders.) Prompt notification shall also be made to the Company when any change takes place in such designation or appointment.</p> <p>9.2 The Company shall in no way be held liable for any loss or damage sustained by any person or entity as a result of his or its failure to make the foregoing notification.</p>	<p><u>Article 11. Registration of Address, Etc.</u></p> <p><u>11.1</u> Each of those shareholders or their <u>registered share pledges</u>, or the legal representatives or authorized officers thereof, who do not have an address or domicile in Japan shall designate a notice address in Japan or appoint a local agent in Japan and notify the Company of such designation or appointment. Prompt notification shall also be made to the Company when any change takes place in such designation or appointment.</p> <p><u>11.2</u> The Company shall in no way be held liable for any loss or damage sustained by any person or entity as a result of his or its failure to make the foregoing notification.</p>
<p><u>Article 10. Record Date</u></p> <p>10.1 Only the shareholders of the Company whose names appear or are recorded in the register of shareholders <u>or the register of beneficial shareholders as of the 31st day of March of any year</u> shall be entitled to exercise their voting rights at the Annual General Meeting of Shareholders to be held in that year.</p> <p>10.2 In addition to the cases referred to in Section 10.1 and <u>Article 29</u> hereof, the Company may, as and when authorized to do so by a resolution of the Board of Directors, fix a record date to determine the shareholders or their pledges who are entitled to exercise any right as such, upon giving appropriate prior public notice.</p>	<p><u>Article 12. Record Date</u></p> <p>12.1 Only the shareholders of the Company whose names appear or are recorded in the register of shareholders as of the <u>end of the 31st day of March of any year</u> shall be entitled to exercise their voting rights at the Annual General Meeting of Shareholders to be held in that year.</p> <p>12.2 In addition to the cases referred to in <u>Article 12.1</u> and <u>Article 33</u> hereof, the Company may, as and when authorized to do so by a resolution of the Board of Directors, fix a record date to determine the shareholders or <u>registered share pledges</u> who are entitled to exercise any right as such, upon giving appropriate prior public notice.</p>

Current Articles of Incorporation	Proposed Amendments
<p><b>Article 11. Transfer Agent</b></p> <p>11.1 The Company shall have a <u>share transfer agent</u> for its shares.</p> <p>11.2 Such <u>share transfer agent</u> and its place of the handling business shall <u>be selected</u> by resolution of the Board of Directors and public notice thereof shall be given in due course.</p> <p>11.3 The register of shareholders, <u>the register of beneficial shareholders</u> and the register of the share purchase warrants of the Company <u>and</u> the register of lost share certificates shall <u>be kept at the place of the handling business of the transfer agent, and the registration of transfers of shares and share purchase warrants, entry into or record</u> in the register of lost share certificates, and <u>the purchase and sale of shares constituting less than one unit and other matters concerning shares and share purchase warrants</u> shall be handled by <u>the transfer agent</u> and not by the Company.</p>	<p><b>Article 13. Transfer Agent</b></p> <p>13.1 The Company shall have a <u>shareholder registry administrator</u> for its shares</p> <p>13.2 Such <u>shareholder registry administrator</u> and its place of business shall <u>be elected</u> by resolution of the Board of Directors and public notice thereof shall be given in due course.</p> <p>13.3 <u>Creating, holding and otherwise managing the register of shareholders</u>, the register of the share <u>subscription rights</u> of the Company <u>and</u> the register of lost share certificates, and such matters shall be entrusted to the shareholder registry administrator and not be handled by the Company.</p>
<b>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</b>	<b>CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</b>
<p><b>Article 12. Convening of General Meetings of Shareholders</b></p> <p>12.1 The Group CEO shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary.</p> <p>12.2 In the event the Group CEO fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p> <p>12.3 The General Meeting of Shareholders shall be convened <u>at the location of its head office, a location adjacent to that of the head office or</u> otherwise a location situated in a ward of Tokyo.</p>	<p><b>Article 14. Convening of General Meetings of Shareholders</b></p> <p>14.1 The <u>President</u> shall, in accordance with a resolution of the Board of Directors adopted for that purpose, convene an Annual General Meeting of Shareholders within three (3) months from April 1st every year, and Special Meetings of Shareholders whenever deemed necessary.</p> <p>14.2 In the event the <u>President</u> fails or is unable to so convene a General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p> <p>14.3 The General Meeting of Shareholders shall be convened at a location situated in a ward of Tokyo.</p>
<p><b>Article 13. Chairman of General Meetings of Shareholders</b></p> <p>13.1 <u>The Group CEO</u> shall act as chairman at all General Meetings of Shareholders.</p> <p>13.2 Should <u>the Group CEO</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>	<p><b>Article 15. Chairman of General Meetings of Shareholders</b></p> <p>15.1 The <u>President</u> shall act as chairman at all General Meetings of Shareholders.</p> <p>15.2 Should the <u>President</u> fail or be unable to preside at any General Meeting of Shareholders, one of the other Directors shall act in his place in accordance with the seniority order determined in advance by the Board of Directors.</p>



Current Articles of Incorporation	Proposed Amendments
(New provision)	<p><u>Article 16. Internet Disclosure and Deemed Provision of General Meeting of Shareholders Documents and Other Documents</u></p> <p><u>The Company may, in accordance with the relevant laws and statutes (Justice Ministry ordinance), use the Internet to disclose to Shareholders information that should be contained in reference documents for General Meeting of Shareholders, business reports, financial reports, consolidated financial report and other information required to be disclosed to Shareholders, and may thereby deem such information to have been provided to Shareholders.</u></p>
<p><u>Article 14. Resolutions of Shareholders</u></p> <p>14.1 Except as otherwise provided by law or by these Articles of Incorporation, all resolutions at a General Meeting of Shareholders shall be adopted by the affirmative vote of a majority of the voting rights owned by shareholders represented at the meeting.</p> <p>14.2 <u>Resolutions that should be adopted in accordance with the provision of Article 343 of the Commercial Code</u> shall be adopted by a majority of two-thirds of the voting rights of shareholders represented at the meeting who have one-third or more of the <u>total shareholder</u> voting rights.</p>	<p><u>Article 17. Resolutions of Shareholders</u></p> <p><u>17.1</u> Except as otherwise provided by law or by these Articles of Incorporation, all resolutions at a General Meeting of Shareholders shall be adopted by the affirmative vote of a majority of the voting rights owned by shareholders eligible to vote and represented at the meeting.</p> <p><u>17.2 Resolutions that should be adopted in accordance with the provisions of Article 309.2 of the Corporation Law</u> shall be adopted by a majority of two-thirds of the voting rights of <u>shareholders</u> eligible to vote and represented at the meeting who have one-third or more of the total shareholder voting rights <u>at the meeting in question.</u></p>
<p><u>Article 15. Exercise of Voting Rights by Proxy</u></p> <p>15.1 A shareholder or his legal representative, if any, may exercise his voting rights through a proxy, who shall be a shareholder of the Company entitled to vote. A corporate shareholder may exercise its voting rights through any of its officers or employees authorized for that purpose.</p> <p>15.2 Any person who acts as proxy for any shareholder in accordance with the Section 15.1 shall produce to the Company in advance a document evidencing his due authority whenever he attends any General Meeting of Shareholders as such. Provided that such person may, by electronic means instead of physical submission of the document and in accordance with the Shares Handling Regulations, provide the Company with the information for his due authority, in the event that the Company decides to send by electronic means the notice of convening the General Meetings of Shareholders.</p>	<p><u>Article 18. Exercise of Voting Rights by Proxy</u></p> <p><u>18.1</u> A shareholder or his <u>or her</u> legal representative, if any, may exercise his <u>or her</u> voting rights through a proxy, who shall be <u>a</u> shareholder of the Company entitled to vote. A corporate shareholder may exercise its voting rights through any of its officers or employees authorized for that purpose.</p> <p><u>18.2</u> Any person who acts as proxy for any shareholder in accordance with the <u>Article 18.1</u> shall produce to the Company in advance a document evidencing his due authority whenever he attends any General Meeting of Shareholders as such. Provided that such person may, by electronic means instead of physical submission of the document and in accordance with the Shares Handling Regulations, provide the Company with the information for his due authority, in the event that the Company decides to send by electronic means the notice of convening the General Meetings of Shareholders.</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 15-2. General Meeting of Shareholders for a Class of Shares</u></p> <p>15-2.1 The provisions of <u>Articles 12, 13 and 15</u> shall apply <i>mutatis mutandis</i> to the general meeting of shareholders for a class of shares.</p> <p>15-2.2 The provisions of <u>Article 10</u> shall apply <i>mutatis mutandis</i> to the general meeting of shareholders for a class of shares, which shall be held on the same day as the Annual General Meeting of Shareholders.</p>	<p><u>Article 18-2 General Meeting of Shareholders for a Class of Shares</u></p> <p>18-2.1 The provisions of <u>Articles 14, 15 and 18</u> shall apply <i>mutatis mutandis</i> to the general meeting of shareholders for a class of shares.</p> <p>18-2.2 The provisions of <u>Article 12.1</u> shall apply <i>mutatis mutandis</i> to the <u>General Meeting of Shareholders</u> for a class of shares, which shall be held on the same day as the Annual General Meeting of Shareholders.</p>
<b><u>CHAPTER IV</u></b> <b><u>DIRECTORS AND BOARD OF DIRECTORS</u></b>	<b><u>CHAPTER IV</u></b> <b><u>DIRECTORS AND BOARD OF DIRECTORS</u></b>
<p><u>Anrticle 16. Number of Directors</u></p> <p>The Company shall have <u>fifteen (15) or fewer Directors.</u></p>	<p><u>Article 19. Number of Directors</u></p> <p>The Company shall have <u>not more than twenty (20) Directors.</u></p>
<p><u>Article 17. Election of Directors</u></p> <p>17.1 A resolution to appoint Directors shall be validly passed at a General Meeting of Shareholders only by the affirmative vote of a majority of the voting rights owned by the shareholders present or represented at the meeting, at which shareholders holding in aggregate not less than one-third (1/3) of the <u>total</u> number of the Company's voting rights shall be present.</p> <p>17.2 No cumulative voting shall be used for the election of Directors.</p>	<p><u>Article 20. Election of Directors</u></p> <p>20.1 A resolution to appoint Directors shall be validly passed at a General Meeting of Shareholders only by the affirmative vote of a majority of the voting rights owned by the shareholders represented at the meeting, at which shareholders holding in aggregate not less than one-third (1/3) of the total number of the Company's voting rights <u>of shareholders who are eligible to vote</u> shall be present.</p> <p>20.2 No cumulative voting shall be used for the election of Directors.</p>
<p><u>Article 18. Term of Office of Directors</u></p> <p>18.1 The term of office of a Director shall expire upon the closing of the Annual General Meeting of Shareholders for <u>the last fiscal year ending within</u> one (1) year after <u>his assumption of the directorship.</u></p> <p>18.2 The term of office of a Director elected to increase the number or to fill the vacancy created by the earlier retirement or resignation of his predecessor shall expire when the term of office of the continuing Directors expires.</p>	<p><u>Article 21. Term of Office of Directors</u></p> <p>21.1 The term of office of a Director shall expire upon the closing of the Annual General Meeting of Shareholders for the <u>last fiscal year ending</u> within one (1) year after <u>his or her appointment as Director.</u></p> <p>21.2 The term of office of a Director elected to increase the number or to fill the vacancy created by the earlier retirement or resignation of his predecessor shall expire when the term of office of the continuing Directors expires.</p>
<p><u>Article 19. Representative Directors and Directors with Titles</u></p> <p>19.1 The Board of Directors may, by its resolution, appoint, from among its members, one <u>Group CEO</u>, one Chairman, one President and several Vice Chairmen of the Board of Directors, Executive Vice Presidents, Senior Managing Directors and/or Managing Directors.</p> <p>19.2 The Board of Directors shall, by its resolution, appoint, from among its members, one or more Representative Directors, who shall have the power and authority to represent and bind the Company.</p>	<p><u>Article 22. Representative Directors and Directors with Titles</u></p> <p>22.1 The Board of Directors may, by resolution thereof, <u>select</u>, from among its members, one Chairman, one President and several Vice Chairmen of the Board of Directors, Executive Vice Presidents, Senior Managing Directors and/or Managing Directors.</p> <p>22.2 The Board of Directors shall, by its resolution, appoint, from among its members, one or more Representative Directors, who shall have the power and authority to represent and bind the Company.</p> <p>22.3 Each of the Representative Directors of the</p>

Current Articles of Incorporation	Proposed Amendments
<p>19.3 Each of the Representative Directors of the Company shall have the power and authority to represent and bind the Company individually.</p> <p>19.4 <u>As the chief executive officer of the JAL Group, the Group CEO shall oversee the management of the Company and JAL Group companies designated by its Board of Directors.</u></p> <p>19.5 The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors.</p> <p>19.6 Should <u>the Group CEO or</u> the President fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p>	<p>Company shall have the power and authority to represent and bind the Company individually.</p> <p><u>22.4</u> The President shall supervise and execute the overall business of the Company pursuant to the resolution of the Board of Directors, <u>and as chief executive officer (CEO) of the JAL Group, shall oversee the management of the JAL Group companies designated by its Board of Directors.</u></p> <p><u>22.5</u> Should the <u>President</u> fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p>
<p><u>Article 20. Meetings of the Board of Directors</u></p> <p>20.1 Matters regarding the Board of Directors shall be governed by the Regulations of the Board of Directors stipulated by the Board of Directors.</p> <p>20.2 The Director(s) convening the meetings of the Board of Directors and the chairman at such meetings shall be selected by the resolution of the Board of Directors.</p> <p>20.3 Should such Director(s) fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p> <p>20.4 Notice of a meeting of the Board of Directors shall be provided to each Director and each Corporate Auditor three (3) days prior to the date of such meeting; provided, however, that in case of emergency, such notice period may be shortened.</p> <p>20.5 The meetings of the Board of Directors may be held without convening proceedings in the event that all Directors and Corporate Auditors so agreed.</p>	<p><u>Article 23. Meetings of the Board of Directors</u></p> <p>23.1 Matters regarding the Board of Directors shall be governed by the Regulations of the Board of Directors stipulated by the Board of Directors.</p> <p><u>23.2</u> The Director(s) convening the meetings of the Board of Directors and the chairman at such meetings shall be <u>selected</u> by the resolution of the Board of Directors.</p> <p>23.3 Should such Director(s) fail or be unable to act or be absent, one of the other members of the Board of Directors shall act in his place in accordance with the seniority order previously determined by the Board of Directors.</p> <p>23.4 Notice of a meeting of the Board of Directors shall be provided to each Director and each Corporate Auditor three (3) days prior to the date of such meeting; provided, however, that in case of emergency, such notice period may be shortened.</p> <p>23.5 The meetings of the Board of Directors may be <u>held</u> without convening proceedings in the event that all Directors and Corporate Auditors so agreed.</p>
(New provision)	<p><u>Article 24. Omission of Resolutions of the Board of Directors</u></p> <p><u>A resolution of the Board of Directors shall be deemed to have been adopted in the event that the conditions set out in Article 370 of the Corporation Law have been met.</u></p>
<p><u>Article 21. Exemption of Directors from Liabilities</u></p> <p>21.1 In accordance with the provision of Article 266.12 of the Commercial Code, the Company, by means of a resolution by the Board of Directors, may exempt its</p>	<p><u>Article 25. Exemption of Directors from Liabilities</u></p> <p>25.1 In accordance with the provisions of Article 426.1 of the Corporation Law, the Company, by means of a resolution of the Board of Directors, may exempt its Directors</p>

Current Articles of Incorporation	Proposed Amendments
<p>Directors (including those who were Directors) from liabilities for acts specified in Article 266.1.5 within the limit stipulated by law.</p> <p>21.2 In accordance with the provision of <u>Article 266.19 of the Commercial Code</u>, the Company may conclude contracts with its outside Directors to limit their liabilities for compensation for damage <u>arising from acts specified in Article 266.1.5</u>. The limit to damages paid in accordance with the contracts, however, shall be as provided by law.</p>	<p>(including former Directors) from liability for compensation for damages to the extent permitted by law.</p> <p>25.2 In accordance with the provision of <u>Article 427.1 of the Corporation Law</u>, the Company may conclude contracts with its outside Directors to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.</p>
<b><u>CHAPTER V</u></b> <b><u>CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></b>	<b><u>CHAPTER V</u></b> <b><u>CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></b>
<u>Article 22. Number of Corporate Auditors</u> The Company <u>shall have six (6) or fewer Corporate Auditors</u> .	<u>Article 26. Number of Corporate Auditors</u> The Company <u>shall have no more than six (6) Corporate Auditors</u> .
<u>Article 23. Election of Corporate Auditors</u> The provisions of <u>Section 17.1</u> shall apply <i>mutatis mutandis</i> to the election of Corporate Auditors.	<u>Article 27. Election of Corporate Auditors</u> The provisions of <u>Article 20.1</u> shall apply <i>mutatis mutandis</i> to the election of Corporate Auditors.
<u>Article 24. Term of Office of Corporate Auditors</u> 24.1 The term of office of a Corporate Auditor shall expire upon the closing of the Annual General Meeting of Shareholders for <u>the last fiscal year ending within four (4) years after his assumption of the position of Corporate Auditor</u> . 24.2 The term of office of a Corporate Auditor elected to fill the vacancy created by the earlier retirement or resignation of his predecessor shall expire when the term of office of his predecessor would expire.	<u>Article 28. Term of Office of Corporate Auditors</u> 28.1 The term of office of a Corporate Auditor shall expire upon the closing of the Annual General Meeting of Shareholders for the <u>last fiscal year ending within four (4) years after his or her appointment as Corporate Auditor</u> . 28.2 The term of office of a Corporate Auditor elected to fill the vacancy created by the earlier retirement or resignation of his predecessor shall expire when the term of office of his predecessor would expire.
<u>Article 25. Full-Time Corporate Auditors</u> The Corporate Auditors of the Company <u>shall appoint one or more Full-Time Corporate Auditors from among them</u> .	<u>Article 29. Full-Time Corporate Auditors</u> The Board of Corporate Auditors shall, by resolution thereof, <u>select one or more Full-Time Corporate Auditors</u> .
<u>Article 26. Meetings of Board of Corporate Auditors</u> (Omitted)	<u>Article 30. Meetings of Board of Corporate Auditors</u> 30.1 Matters regarding the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors stipulated by the Board of Corporate Auditors. 30.2 Notice of a meeting of the Board of Corporate Auditors shall be provided to each Corporate Auditor three (3) days prior to the date of such meeting; provided, however, that in case of emergency, such notice period may be shortened. 30.3 The meetings of the Board of Corporate Auditors may be held without convening proceedings in the event that all Corporate Auditors so agree.

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 27. Exemption of Corporate Auditors from Liabilities</u></p> <p>In accordance with the provision of <u>Article 266.12 of the Commercial Code to which Article 280.1 of the Code is applied <i>mutatis mutandis</i>, the Company, by means of a resolution by the Board of Directors</u>, may exempt its Corporate Auditors (including those who were Corporate Auditors) from liabilities within the limit stipulated by law.</p> <p>(New provision)</p>	<p><u>Article 31. Exemption of Corporate Auditors from Liabilities</u></p> <p><u>31.1</u> In accordance with the <u>provisions of Article 426.1 of the Corporation Law, the Company, by means of a resolution by the Board of Directors</u>, may exempt its Corporate Auditors (including former Corporate Auditors) from liability for <u>compensation for damages</u> within the limit stipulated by law.</p> <p><u>31.2</u> In accordance with the provision of <u>Article 427.1 of the Corporation Law, the Company may conclude contracts with its outside Corporate Auditors to limit their liability for compensation for damages; provided however, that the limit to damages paid in accordance with such contracts shall be as provided by law.</u></p>
<b><u>CHAPTER VI ACCOUNTING</u></b>	<b><u>CHAPTER VI ACCOUNTING</u></b>
<p><u>Article 28. Fiscal Year</u></p> <p>The <u>fiscal</u> year of the Company shall be from the first day of April to the following 31st day of March.</p>	<p><u>Article 32. Fiscal Year</u></p> <p>The <u>fiscal</u> year of the Company shall be from the first day of April to the following 31st day of March.</p>
<p><u>Article 29. Dividends</u></p> <p><u>Dividends</u>, if declared for any fiscal year, <u>shall be paid</u> to those shareholders or <u>their pledgees</u> whose names appear or are recorded on the register of shareholders or the register of beneficial shareholders <u>as of</u> the 31st day of March of such fiscal year.</p>	<p><u>Article 33. Dividends</u></p> <p><u>Distribution of surplus</u>, if declared for any fiscal year, shall be paid to those Shareholders <u>or their registered share pledges</u> whose names appear or are recorded on the <u>register of shareholders</u> as of the 31st day of March of such fiscal year.</p>
<p><u>Article 30. Prescription Period of Dividends</u></p> <p>30.1 The Company shall be relieved of its obligation to pay any <u>dividends</u> which shall have remained unclaimed for a period of more than three (3) years from the date when they first become payable.</p> <p>30.2 <u>Dividends</u> shall carry no interest.</p>	<p><u>Article 34. Prescription Period for Distribution of Retained Earnings</u></p> <p>34.1 The Company shall be relieved of its obligation to <u>distribute any surplus</u> which remain unclaimed for a period of more than three (3) years from the date when they first become payable.</p> <p>34.2 <u>Distribution of surplus</u> shall carry no interest.</p>

### Proposed Resolution No. 3: Election of 18 directors

Of the ten (10) directors whose appointment was approved at the Regular General Meeting of Shareholders for the previous business year, four (4) directors resigned their posts with effect from March 31 of 2006, as a result of which there are currently only six (6) serving directors, whose terms of office will expire with the conclusion of the Regular General Meeting of Shareholders.

Consequently, assuming the approval of Proposal No. 2. for the revision of the stipulations of the Company's Articles of Incorporation relating to the number of directors, your approval is sought for the appointment of eighteen (18) directors.

The reason for the proposed increase in the number of directors is the desire of the management of Japan Airlines Corporation, the holding company of the JAL Group, to integrate its Board of Directors with those of its operating companies by making each director of the holding company simultaneously a director and member of the board of one or both of the Group's main operating companies.

Candidate no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held	Remarks concerning special interests in the Company
1	Toshiyuki SHINMACHI (Born on January 20, 1943)	<p>April 1965 Joined Japan Airlines Co., Ltd. (JAL)</p> <p>June 1997 Senior Vice President, JAL</p> <p>April 2000 Managing Director, JAL</p> <p>April 2001 Senior Managing Director, JAL</p> <p>October 2002 Senior Managing Director, Japan Airlines System Corporation (JALS)</p> <p>June 2003 Executive Vice President, Japan Airlines Corporation (JALS)</p> <p>Executive Vice President, JAL</p> <p>June 2004 President, JALS</p> <p>April 2005 Group CEO &amp; President, JALS (currently serving)</p> <p>President, Japan Airlines International Co., Ltd. (JALI) (currently serving)</p> <p>President, Japan Airlines Domestic Co., Ltd. (JALJ) (currently serving)</p> <p>( Japan Airlines Corporation = Stock Holding company which Changed its corporate name from Japan Airlines System Corporation in Jun 2004. )</p>	25,000	None
2	Haruka NISHIMATSU (Born on January 5, 1948)	<p>April 1972 Joined JAL</p> <p>April 1999 Vice President, Finance Dept. JAL</p> <p>November 2001 Vice President, Finance Dept. JAL</p> <p>Integration Committee, Corporate Planning</p> <p>April 2003 Executive Officer, JAL</p> <p>April 2005 Senior Vice President, JALI</p> <p>Senior Vice President, JALJ</p> <p>June 2005 Senior Vice President, JALS</p> <p>April 2006 Senior Managing Director, JALS (currently serving)</p> <p>Senior Managing Director, JALI (currently serving)</p> <p>Senior Managing Director, JALJ (currently serving)</p>	12,000	None
3	Kiyoshi KISHIDA	<p>April 1971 Joined JAL</p> <p>July 1998 Vice President, Flight Crew Technical</p>	7,570	None

Candidate no.	Name (Date of birth)	Background and representative status at other companies		Number of shares of the Company held	Remarks concerning special interests in the Company
	(Born on May 18, 1948)	July 2001	Service Dept, JAL Vice President, Flight Planning Dept. JAL		
		April 2004	Vice President & Deputy General Manager, Flight Operations Division, JAL		
		April 2005	Vice President, Flight Planning Dept. JAL		
		April 2006	Managing Director, JAL		
		April 2006	Senior Executive Officer, JALS (currently serving)		
			Senior Managing Director, JALI (currently serving)		
			Senior Managing Director, JALJ (currently serving)		
4	Katsuyuki ARAI (Born on March 3, 1947)	April 1969	Joined JAL	11,413	None
		April 2000	Executive Officer, JAL		
		April 2001	Executive Officer, JAL Sales Network Co., Ltd.		
		October 2002	Executive Vice President, JAL Sales Co., Ltd.		
		April 2003	Executive Officer & Regional Manager, Eastern Japan, JAL Sales Co., Ltd.		
		June 2003	Executive Officer, JAL		
		April 2004	Managing Director, JAL		
		April 2006	Managing Director, JALI (currently serving)		
		April 2006	Managing Director, JALJ (currently serving)		
5	Katsuhiko NAWANO (Born on November 16, 1946)	July 1969	Joined Ministry of Transport	1,000	None
		August 2002	Vice-Minister for Ministry of Land, Infrastructure & Transport		
		July 2003	Resigned from Ministry of Land, Infrastructure and Transport		
		October 2005	Managing Director, JALI (currently serving)		
			Managing Director, JALJ (currently serving)		
		April 2006	Senior Executive Officer, JALS (currently serving)		
6	Fumio TSUCHIYA (Born on May 10, 1948)	July 1971	Joined JAL	22,155	None
		April 2001	Vice President, Income & Expenditure Planning, Corporate Planning Office, JAL		
		November 2001	Vice President, Income & Expenditure Planning, Corporate Planning Office, JAL		
			Integration Committee, Corporate Planning Office, JAL		
		October 2002	Executive Officer, JALS		
		June 2004	Senior Vice President, JALS		
		April 2005	Senior Vice President, JALI		
		April 2006	Senior Vice President, JALJ		
		April 2006	Managing Director, JALS (currently serving)		

Candidate no.	Name (Date of birth)	Background and representative status at other companies		Number of shares of the Company held	Remarks concerning special interests in the Company
			Managing Director, JALI (currently serving) Managing Director, JALJ (currently serving)		
7	Hisaichi ENDO (Born on August 2, 1945)	April 1968 May 2001  June 2001 October 2003 April 2004 April 2006	Joined Japan Domestic Airlines Vice President & Deputy General Manager, Engineering & Maintenance Division, Japan Air System Co., Ltd. (JAS) Executive Officer, JAS Senior Executive Officer, JAS Managing Director, JALJ Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)	9,000	None
8	Shoji FUKAI (Born on October 2, 1943)	October 1968 March 2000  May 2001  June 2001 October 2002 March 2005	Joined Japan Domestic Airlines Vice President & General Manager, Flight Planning Department, JAS Senior Vice President & General Manager, Flight Operations Division, JAS Senior Vice President, JAS Managing Director, JAS Senior Vice President, JALJ (currently serving)	8, 800	None
9	Yutaka YOSHINO (Born on November 8, 1947)	April 1971 April 2000 April 2001 April 2004	Joined JAL President, Cargo Sales Company, JAL President, JAL Cargo Sales Co., Ltd. Senior Vice President, JALI (currently serving)	6, 000	None
10	Osamu SASAHARA (Born on February 15, 1950)	April 1973 June 1998 June 2002  October 2003 April 2004 April 2006	Joined JAL Vice President, Engineering Dept., JAL Vice President, Maintenance Planning & Administration Office Narita, JAL Executive Officer, JAL Executive Officer, JALJ Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)	5, 000	None
11	Kimio HIROIKE (Born on May 31, 1949)	April 1974 May 1999 April 2004  April 2005 April 2006	Joined JAL Vice President, Associated Business, JAL Executive Officer, JALS (currently serving) Executive Officer, JALI Executive Officer, JALJ Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)	6,000	None
12	Toshio ANNAKA (Born on January 1, 1949)	April 1973 June 1998 April 2004	Joined JAL JALPAK Co., Ltd. Managing Director, JAL Sales Co., Ltd.	3,155	None



Candidate no.	Name (Date of birth)	Background and representative status at other companies		Number of shares of the Company held	Remarks concerning special interests in the Company
	2, 1951)	March 2006	Executive Officer, JALI Executive Officer, JALJ		
		April 2006	Executive Officer, JALS (currently serving) Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)		
13	Masato UEHARA (Born on January 6, 1951)	April 1974 July 2000	Joined JAL Deputy Vice President, Flight Crew General Affairs, JAL	7,541	None
		June 2002	JAL Sales Network Co., Ltd. Vice President, Mileage Center, International Passenger, JAL Vice President, Mileage Center, Domestic, Passenger, JAL		
		April 2003	Vice President, Strategic Planning & Marketing, International Passenger, JALI Seconded to JAS		
		April 2004 April 2006	Executive Officer, JALI Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)		
13	Tetsuya TAKENAKA (Born on February 12, 1947)	July 1970 April 1999	Joined JAL Vice President & Regional Manager, Frankfurt	16,310	None
		June 2003	Senior Vice President, Japan Asia Airways (JAA)		
		June 2005	Managing Director, JAA		
		April 2006	Executive Officer, JALS (currently serving) Senior Vice President, JALI (currently serving) Senior Vice President, JALJ (currently serving)		
15	Teruo HARAFUJI (Born on May 21, 1947)	April 1971 April 2001	Joined JAL Deputy Vice President, Flight Crew, B747 Dept.	0	None
		December 2001	Vice President, Flight Crew, JAA		
		December 2002	Vice President, Flight Crew, B747 Dept.		
		July 2005	Vice President & General Manager, Flight Crew Dept., JALI		
		April 2006	Senior Vice President, JALI (currently serving)		
16	Shunji KONO (Born on August 1, 1927)	June 1990	President, Tokio Marine and Fire Insurance	2,000	None
		June 1996	Chairman, TMFI		
		June 1997	Senior Vice President, JAL		
		June 2001	Adviser, TMFI (currently serving)		
			(The corporate name has changed to Tokio Marine & Nichido Fire Insurance Co. Ltd. from 1st of Oct 2004)		
		October 2002	Senior Vice President, JALS (currently serving)		

Candidate no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held	Remarks concerning special interests in the Company
		[Representation status at other companies] Representative Director, Shinko Building		
17	Ken MOROI (Born on April 23, 1928)	August 1986 Chairman, Chichibu Cement October 1994 Chairman, Chichibu Onoda Cement June 1996 Senior Adviser, COC October 1998 Senior Adviser, Taiheiyo Cement June 1999 Senior Vice President, JAL June 2000 Adviser, Taiheiyo Cement (currently serving) October 2002 Senior Vice President, JALS (currently serving)	0	None
18	Shinobu SHIMIZU (Born on February 3, 1931)	June 1981 Senior Vice President, Tokyu Corp. June 1985 Managing Director, Tokyu December 1987 Senior Managing Director, Tokyu April 1995 President, Tokyu June 1997 Senior Vice President, JAS June 2001 Chairman, Tokyu Corp. (currently serving) October 2002 Senior Vice President, JALS (currently serving) June 2005 Director and Senior Adviser to the Board of Directors, Tokyu Corp. (currently serving)  [Representation status at other companies] President, Three Hundred Club President, Tokyu Bunkamura	0	None

1. Shunji Kono, Ken Moroi and Shinobu Shimizu are the candidate for the position of outside statutory directors.

#### Proposed Resolution No. 4 Election of Corporate Auditor

Corporate Auditors of the Board Toshiyuki Sakai, Shigeo Matsui, and Seizo Neo will be retiring upon the conclusion of the General Meeting of Shareholders. Consequently, your approval is sought for the appointment of two corporate auditors. This proposal has already been approved by the Board of Corporate Auditors. Details of the candidates are given below.

Candidate no.	Name (Date of birth)	Background and representative status at other companies	Number of shares of the Company held	Remarks concerning special interests in the Company
1	Teruhisa ISHIZAWA (Born on June 11, 1949)	April 1973 Joined JAL April 1999 Vice President, Accounting, JAL October 2002 Vice President, Corporate Planning, JALS Vice President, Corporate Planning & Finance Department, JAL Joined JAL Livre	3,465	None

Candi- date no.	Name (Date of birth)	Background and representative status at other companies		Number of shares of the Company held	Remarks concerning special interests in the Company
		June 2003	Vice President, Corporate Planning, JALS Vice President, Strategic Planning & Administration, International Passenger, JAL Joined JAS Joined JAL Livre		
		April 2005	Vice President & Deputy General Manager, Corporate Planning, JALS Vice President, Corporate Planning, Japan Airlines International  Vice President, Corporate Planning, Japan Airlines Domestic Joined JAL Livre		
2	Masatake MATSUDA (Born on January 9, 1936)	April 1961	Joined Japan Railway Company	0	None
		April 1987	Managing Director, EAST JAPAN RAILWAY COMPANY		
		June 1990	Executive Vice President, EAST JAPAN RAILWAY COMPANY		
		June 1993	President, EAST JAPAN RAILWAY COMPANY		
		June 2000	Chairman, EAST JAPAN RAILWAY COMPANY		
		April 2006	Counselor, EAST JAPAN RAILWAY COMPANY (currently serving)		

Masatake Matsuda is the candidate for the position of outside statutory auditor.

## Procedure for Exercising Voting Rights via the Internet

Please read the following items before exercising your voting rights via the Internet.

\* If you will be attending the General Meeting of Shareholders, it is not necessary to exercise your voting rights by mail (form for exercising voting rights) or the Internet.

### Details

#### 1. Site for Exercising Voting Rights

(1) You can exercise your voting rights via the Internet by accessing the Company's designated site (<http://www.evot.jp/>) via a personal computer or mobile phone (iMode, EZweb, or Vodafone live!). ("iMode" is a trademark of NTT DoCoMo, Inc., "EZweb" is a trademark of KDDI Corporation, and "Vodafone live!" is a trademark of Vodafone Group Plc.)

(2) Depending on their Internet user environments, shareholders using personal computers may not be able to exercise their voting rights via the site for exercising voting rights if they have a firewall on their Internet connection, have anti-virus software set up, or are using a proxy server.

(3) In order to exercise voting rights on a mobile phone, it is necessary to have the capability to use the iMode, EZweb, or Vodafone live! service. Even if they have access to one of the above services, some shareholders may not be able to use the service if their mobile phone models are incapable of sending information, or because of encrypted communication (SSL communication) to ensure security.

(4) Votes will be accepted via the Internet through 11:59 p.m. of the day before the General Meeting of Shareholders (Wednesday, June 27, 2006). Please vote before this time, and send any inquiries or questions to the Help Desk below.

#### 2. How to exercise voting rights via the Internet

(1) To exercise voting rights using a personal computer, access the site <http://www.evot.jp/>, and select the company name "Japan Airlines Corporation" from the "List of Companies" screen that is displayed. On the "Website for exercising voting rights via the Internet" screen that is displayed next, click "Exercise voting rights" to display the "ID authentication" screen.

**To use a mobile phone, access the above URL, and on the "Site for exercising voting rights" screen, click on the "Log-in" button to display the "ID authentication" screen.**

**In both cases, on the "ID authentication" screen, use the codes for exercising voting rights and the temporary password, which are given on the enclosed form for exercising voting rights, as well as the instructions on the screen, to vote for or against the proposed resolutions.**

(2) To prevent people who are not shareholders (impostors) from illegally accessing the site and tampering with votes, we will ask shareholders who use the site to change their temporary passwords on the site for exercising voting rights, and to acquire unique electronic certificates (or mobile phone number information).

(3) We will send you new codes for exercising voting rights for each General Meeting of Shareholders.

#### 3. How multiple votes for the same shareholder will be handled

(1) If we receive votes both by conventional mail and via the Internet, we will consider the Internet vote to be the valid vote.

(2) When exercising voting rights via the Internet, it is possible to vote multiple times (re-do the vote), and in such cases, we will consider the last vote to be the valid vote. If we receive votes from both a personal computer and a mobile phone, the last vote will be considered to be the valid vote.

#### 4. Costs arising from accessing the site for exercising voting rights

Costs arising from accessing the site for exercising voting rights (dial-up connection fees, phone fees, etc.) will be borne by the shareholder. When using a mobile phone to vote, there will be costs such as packet communication fees or other fees for using the mobile phone, and these fees will be borne by the shareholder.

For further information on this matter, please contact:

Mitsubishi UFJ Trust and Banking Corporation,  
Securities Agent Department (Help Desk)

• Tel: 0120-173-027 (Business hours: 9:00 am-9:00 pm, toll free, only in Japan)